



Imbabazane Budget 2015/2016

For Information Contact:

**The Municipal Manager
Imbabazane Local Municipality**

Tel: 036 353 0625 / 91/93

Fax: 036 353 6661

Website: www.imbabazane.gov.za

Foreword: Mayor

The Imbabazane Local Municipality will be reconfigured and we are now shaping ourselves to face new challenges in the next financial years. This draft Budget provides a framework for the Council to deal with the upcoming challenges of services delivery.

It therefore gives me great pleasure to provide this budget. It is my sincere hope and thinking that this budget will meet the

Expectations of our communities. It is further my wish that all stakeholders will appreciate the work we have done for them so far and we shall continue doing so without fail.

This is therefore our commitment and expression for service delivery and moreover, our overall mandate for a the better life for all.

Let the journey begin.

Councilor PG Strydom
Mayor

Table of Contents

TABLE OF CONTENTS

ITEM NUMBER	ITEM
PART ONE	ANNUAL BUDGET
1	Mayoral Report
2	Resolution
3	Executive Summary
4	Annual Budget Tables
PART 2	SUPPORTING DOCUMENTS
4	Overview of budget Process
5	Overview of alignment of Annual Budget with Integrated Development Plan
6	Measurable performance objectives and indicators
7	Overview of budget related policies
8	Overview of budget assumptions
9	Overview of budget funding
10	Expenditure on allocations and grant programmes
11	Allocation and grants made by Municipality
12	Councillor and board member allowances and employee benefits
13	Monthly targets for revenue, expenditure and cash flow.
14	Annual budgets and service delivery and budget implementation plans-Internal departments
15	Annual budgets and service delivery agreements with municipal entities and other external mechanism.
16	Contract having future budgetary implications
17	Capital expenditure details
18	Legislation compliance status
19	Other supporting documents
20	Municipal Manager's quality certification

Abbreviations and Acronyms

Abbreviations and Acronyms		Programme	
ASGISA	Accelerated and Shared Growth Initiative	MIG	Municipal Infrastructure Grant
		MMC	Member of Mayoral Committee
BPC	Budget Planning Committee	MPRA	Municipal Properties Rates Act
CBD	Central Business District	MSA	Municipal Systems Act
CFO	Chief Financial Officer	MTEF	Medium-term Expenditure Framework
CM	Municipality Manager		
CPI	Consumer Price Index	MTREF	Medium-term Revenue and Expenditure Framework
CRRF	Capital Replacement Reserve Fund		
DBSA	Development Bank of South Africa	NGO	Non-Governmental organisations
DoRA	Division of Revenue Act	NKPIs	National Key Performance Indicators
EE	Employment Equity		
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
		PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
		PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council		
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area		
KPI	Key Performance Indicator	SAPS	South African Police Service
LED	Local Economic Development	SDBIP	Service Delivery Budget Implementation Plan
MEC	Member of the Executive Committee		
		SMME	Small Micro and Medium Enterprises
MFMA	Municipal Financial Management Act		

Mayoral Report

1.1 Mayor's Report

During the State of the National Address his Excellency the President remarked that the National Planning Commission had handed over the National Development Plan and the vision of the country for the next 20 years. This plan contains proposals for tackling the problems of poverty, inequality and unemployment. It is a roadmap to where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. The achievement of these goals has proven difficult due to the global economic recession.

The President further stated that government is cracking down on corruption, tender fraud and price fixing in the infrastructure program. Government will be working together to find a solution to youth unemployment by making use of the Expanded Public Works Programme and the Community Work Programme to absorb young people.

We must ensure that the public services we provide our community today can continue to be provided to our people tomorrow. This requires that we have suitable tax policies in place to generate sufficient revenue to pay for these services.

Whilst rural development remain a priority of government, it is crucial that a national integrated urban development framework is developed to assist municipalities to effectively manage rapid urbanisation.

Management within local government has a significant role to play in strengthening the link between the community and governments overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Imbabazane Local Municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities.

The challenge is to do more with the limited resources available. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

We need to work together for a common vision that connects the past to the present to make a better future possible. Change is not just a challenge to government but affects all of society. A new framework for development is an opportunity to unite around an inclusive vision and join hands in constructing a shared future. Working together we can all do better.

Minister Gordhan in the overview of the budget mentioned the following points that are relevant to our budget:

There are signs of improvement in the world economy, though the outlook remains troubled. South Africa's economy has continued to grow, but at a slower rate. The budget takes the National Development Plan as its point of departure. The strategic plans of government and the medium-term expenditure plans will be aligned to realise our objectives. Government remains committed to a large scale infrastructure investment program. A new local government equitable share formula is proposed, providing a subsidy for free basic services designed to reach 59% of households.

We need to invest in infrastructure, raise productivity, create jobs and raise living standards.

While building on our strengths we have to tackle our weaknesses aggressively by professionalising our services and strengthening our accountability. Improving management and enforcing systems to fight corruption.

Improved planning and management of strategic infrastructure projects. By implementing this we can assist in reducing poverty and inequality and this in turn will raise employment and investment into Imbabazane Local Municipality, development within the area must be coupled with fiscal sustainability, which ensures that progress made will not be interrupted or reversed.

Government continues to direct spending towards environmental programmes, such as installing solar water geysers, procuring renewable energy, cleaning up derelict mines, addressing acid mine drainage, supporting our national parks and saving our rhino population who remain under threat.

The integrated national electrification grant is allocated additional funding to increase the number of new electricity connections over the next three years.

Money has been taken away from programmes that are not performing or are not aligned to government's core priorities and given to programmes that are delivering as planned.

The application of sound financial management principles for the compilation of the municipalities' financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitable to all communities. We must ensure value for money with the greatest possible vigour to ensure rate payers money is well used and not wasted.

On tabling the KZN Provincial Budget, MEC for Finance mentioned a budget is not just about numbers it also expresses our values and aspirations. Balancing the long and short term is what management is about being able to curtail deficits yet encouraging economic expansion and ensuring sustainable service delivery to all our citizens. The drafting of a budget is an act of humans based on economic projections and predictions requiring careful calculations.

The Provincial priorities are that all new spending is funded through reprioritisation of funds by departments and identification of savings. To ensure sustainability and the promotion of growth the composition of spending has shifted in favour of greater spending on infrastructure and away from consumption spending.

To this the MEC announced the following ways of cutting down on wasteful expenditure:

A review of all organograms, a head count exercise and a moratorium on the filling of non-critical posts. Officials to travel together unless absolutely unavoidable. Where there are same day meetings and where possible officials travel there and back in one day to cut down unnecessary overnight accommodation planning sessions, workshops be held in departmental offices instead of private venues. At these meetings no catering or bottled water may be procured. Essential training to be done in-house. No team building exercises or year-end/Christmas functions. Overtime to be strictly controlled and only used when absolutely essential.

In conclusion the MEC emphasised we need discipline to spend on budgets, obtain clean audits, eliminate unnecessary costs and wastage, get value for money: doing more with less, deal with corruption and deliberate wrong-doing, eliminate unauthorised and irregular expenditure.

One of the priorities is to invest into our infrastructure which is ageing and needs to be updated and maintained. To achieve this we have to improve and encourage investment into the area. We also have to support job creation with focus on unemployed youth who are the future of Imbabazane Local Municipality, to this extent R 1.4 million has been allocated by National Treasury to the Expanded Works Program.

One of the focus points of the budget this year is to improve the efficiency of the municipality by redirecting spending to priority areas. Departmental budgets have been cut in selected areas and funds shifted towards the key priorities.

THANK YOU

1 Executive Summary

• Background

The ILM is one of the five local municipalities that comprise UThukela District Municipality. It is located along the foothills of UKhahlamba-Drakensberg Mountain which is a world heritage site and one of the prime tourist destinations in KwaZulu-Natal and South Africa generally. Although it is approximately 30km away from the N3, the area enjoys a relatively good access at a regional scale as two of the main regional access routes linking the Drakensberg to the battlefields and the N3, runs through ILM. These are the roads to Giants Castle and Northern Drakensberg. Ladysmith and Estcourt which are the major towns within the district are about 35km and 70km away respectively.

Although Imbabazane has no major town and it is the smallest local municipality in terms of geographic size, it has a total population of 113 073 which accounts for approximately 18% of the population within the district and this subsequently means it is the third most populated area within uThukela District. Population distribution within Imbabazane is spread unevenly among 13 municipal wards with the majority of the population being resident in rural villages. These are scattered throughout the municipal area, particularly in the traditional authority areas and along the main regional and district access routes (IDP: 2006:5). The area is approximately 853 km² in extent.

There are six traditional council (TC) areas in Imbabazane Local Municipality, namely:

- Amangwe Traditional Council Area- (Ward 8, 9, 10, 11 and 12) under iNkosi Mazibuko.

- KwaMabaso Traditional Council Area - (Ward 6 and 7) under iNkosi Mabaso.
- EMhlangwini Traditional Council Area- (Ward 2, 3, 4 and 5) under iNkosi Ndaba.
- KwaDlamini Traditional Council Area- (Ward 2) under iNkosi Dlamini.
- AmaHlubi Traditional Council Area - (Ward 2, 13 and 12) under iNkosi Hadebe.
- iNkosi Mkhize in KwaMkhize Traditional Area- (Ward 1).

Within the ILM, the existing traditional authorities can be clustered into two categories. The majority of the traditional authorities form the eastern and central part of ILM whilst Amangwe act as the defining edge on the north-western portion of ILM. Typical of rural areas in South Africa, they consist of dispersed and scattered settlements with no proper co-ordination with regard to provision of services and associated social infrastructure. Map 15 above depicts the spatial orientation of traditional authority areas.

Vision, Mission, Core Values and Key Performance Areas

Vision Statement

"By 2030, Imbabazane Local Municipality shall be a municipality of excellence that delivers services in an economically, socially and sustainable manner"

Mission Statement

Through public participation Imbabazane shall be a democratic, sustainable shall be a

democratic, sustainable, competitive institution which provides opportunities to its entire resident to grow and prosper economically and socially within a framework of good governance.

Core Values

- Commitment
- Responsibility
- Accountability
- Transparency
- Responsive
- Assertive

Key Performance Areas

- Municipal Transformation and Organisational development
- Service Delivery and Infrastructure
- Local Economic and Social Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Spatial and Environmental

The Municipality service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 75 has been used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation

The following budget principles and guidelines directly informed the compilation of the 2015/16

MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 draft annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

1.1 **Incremental and Zero-based Budgeting**

The budget has been compiled using the combination of Incremental and zero base budget.

1.2 **Resource Support Services.**

1.3 **Organogram**

An organogram of the Council has remained unchanged and vacant positions have also been catered for, in this budget.

- ❖ Rates tariffs have been increased by 5% to gradually align it with Umtshezi Municipality as there is the merger of the two municipalities and also decreased rebates from 60% to 40% on all rateable properties on the budget year and for the two outer year's rebates will remain constant.
- ❖ Investment revenue will increase by R 500 000.00 for the budget year, R 105 000 and R 112 350 respectively for the outer years.
- ❖ Other own revenue includes rental of office equipment, traffic fines, Library copies, income from the sale of tender documents etc.(refer table A4)

1.5 Expenditure

1.5.1 Salaries, Wages and Allowances

Provision of 4.4%as per MFMA circular No. 75 for salaries and wages has been provided and a total amount of R 35 309 723 has been allocated for staff of which we are on the lower boundary 35% of the threshold. A 7% increase has been allowed for council allowances, totalling an amount of R 7 220 683. Refer to A4 table on the attached budget document.

1.5.2. General Expenses

An amount of **R 57 689 930 .00** is budgeted for general expenses, which comprise of items listed in the expenditure table below; the tables below are categorised per department and as per consultation with relevant stakeholders

ADVERTISEMENTS			200 000
AUDIT FEES			1 300 000
AUDIT COMITEE			180 000
INTERNAL AUDIT			743 930
LICENCE RENEWALS			250 000
BUDGET / PUBLIC PARTICIPATION			1 600 000
BY-LAWS GAZETTE			50 000
CLEANING MATERIAL & SERVICES			300 000
Demarcation cost			1 860 000
INFORMATION STORAGE & ARCHIVING			50 000
CONFERENCE AND SEMINARS			280 000
CONSULTATION FEES			500 000
ELECTRICITY			400 000
ENTERTAINMENT			370 000
ELECTRIFICATION PROGRAMMES			18 000 000
GIS			150 000
FUEL AND LUBRICANTS			1 500 000
INSURANCES			450 000
LIBRARY			707 000
LEGAL COSTS			1 000 000
CICS MAINTANANCE			480 000
TRAINING ON FINANCIAL SYSTEM			400 000
VALUATION MAINTANANCE			200 000
LOOSE TOOLS			150 000
ADMIN SUPPORT			15 000
MEETINGS SUBS. AND TRAVELLING			1 570 000
MEMBERSHIP FEES			1 100 000
POSTAGES			5 000
PRINTING AND STATIONERY			500 000
RECRUITMENT OF STAFF			10 000
SCOA			500 000
HANDOVER OF PROJECTS			70 000

TELEPHONE		800 000
FINANCIAL MANAGEMENT SUPPORT		1 800 000

ANNUAL REPORT		150 000
ART AND CULTURE PROGRAMMES		200 000
CRIME AWARENESS CAMPAIGN		200 000
CAREER EXHIBITION		200 000
COMMUNITY OUTREACH		300 000
YOUTH GENDER		400 000
SCHOOL SPORT ACTIVITIES		200 000
INDIGENT IMPLEMENTATION		100 000
DISASTER RELIEF PLAN AND PROGRAMMES		1 000 000
EMPLOYEES ASSISTANCE PROGRAMME		20 000
FARMS DAY EVENT		200 000
FIRE FIGHTING SERVICE		50 000
GOATS PROJECT		200 000
HERTIGE PROGRAMME		200 000
HIV AIDS AWARENESS		200 000
HOUSING CONSUMER EDUCATION		50 000
KWANALOGA GAMES		600 000
LIBRARY OUTREACH PROGRAMMES		50 000
MAYORAL CUP		350 000
MAYORAL FLAGSHIP PROJECTS		500 000
MUNICIPAL DEMARCATION TRANSITION		1 860 000
MUN. SYSTEM IMPROVE		930 000
OPERATION SUKUMA SAKHE		1 200 000
FEES AND PAUPER BURIAL		200 000
PEOPLE LIVING WITH DISABILITIES		400 000
POVERTY ALLEVIATION		200 000
PROMOTION		700 000
TERTIARY REGISTRATION SUPPORT		250 000
SPORTS DEVELOPMENT		200 000
LUNCHEON CLUBS PROGRAMMES		200 000
MUNICIPAL FACILITIES MANAGEMEN		200 000

STAFF UNIFORM		200 000
STUDY GRANT		450 000
TEAM BUILDING		180 000
TOURISM AWARENESS		200 000
TRAINING AND DEVELOPMENT		300 000
HOUSING SECTOR PLAN		200 000
JOB CREATION PROGRAMME		1 000 000
WARD COMMITTEE		780 000
WOMAN DEVELOPMENT FUND		500 000
COMMUNITY GARDENS FENCING		200 000
CLIMATE CHANGE AWARENESS		250 000
CYBER CADET		170 000
NGO'S SUPPORT		200 000
GENDER ISSUES PROGRAMME		200 000
DISASTER MANAGEMENT CAMPAIGNS AND TRAINING		200 000
BACK TO SCHOOL CAMPAIGN		200 000
MAIZE INPUT		1 000 000
SEEDS AND SEEDLINGS		200 000
FOOD FOR WASTE		850 000
EPWP		1 409 000

1.5.3. Maintenance and Repairs

R 9 389 645.00 is budgeted for maintenance and repairs.

1.5.4. Capital Projects

An amount of **R 28 349 595.00** has been budgeted for capital projects, the spending of these allocations in the past financial years has been good. **Please refer to table A5 Capex.**

2 Tariffs

Below are the Categories and their proposed tariffs percentages.

	2014/2015	2015/2016
<u>RATES</u>		
Agriculture	0.0020	0.0021
Agricultural Small holding	0.0020	0.0021
Commercial	0.0058	0.0061
Communal land	0.0000	0.0000
Communal land and property ass	0.0041	0.0043
Industrial	0.0058	0.0061
P S I (first R 30000)	0.0058	0.0061
State owned	0.0233	0.0245
Municipal	0.0000	0.0000
Place of worship	0.0000	0.0000
Conservation-Nema	0.0000	0.0000
Residential	0.0080	0.0083
<u>COPIES</u>		
Library Faxing	2.12	2.50
Photo copies A4 (B&W)	0.53	1.00
Photo copies A3 (B&W)	1.06	1.20
Photo copies A4 (Colour)	1.06	2.50
Photo copies A3 (Colour)	2.12	3.50
<u>BUSINESS LICENCES</u>		
New Business Licences	212	250.00
Renewal of Business Licences	106	150.00
<u>VALUATION RELATED COSTS</u>		
Valuation certificate	53.00	60.00
Valuation Roll per copy	-	-
Valuation Appeals	292	350.00
Plans and other documents	117	130.00
Duplicate Account Statements	5.83	7.00
Rates Clearance Certificates	64	100.00
<u>TENDER DOCUMENTS</u>		
Tender Documents	250	300
<u>MONTHLY RENTAL</u>		
Rental of Halls	R50 per hou	0
	R46 per square metre	R46 per square metre
MPCC Rental		
GCIS	-	-
Labour	2 349	2 583
Home Affairs	3 139	3 453

Operating Revenue Framework

For Imbabazane local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of our municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

Operating Expenditure Framework

The Municipality expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- **Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.**

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The target is to register 27 000 or more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

KZN236 Imbabazane - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	4 792	6 316	7 261	7 627	7 711	7 711	7 711	12 064	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	990	1 858	2 727	2 100	2 200	2 200	2 200	1 500	-	-
Transfers recognised - operational	59 853	66 544	75 408	78 416	78 416	78 416	78 416	94 347	-	-
Other own revenue	547	2 662	2 817	682	2 281	2 281	2 281	15 997	-	-
Total Revenue (excluding capital transfers and contributions)	66 182	77 380	88 212	88 825	90 608	90 608	90 608	123 908	-	-
Employee costs	13 692	18 713	17 775	26 910	24 772	24 772	24 772	35 310	-	-
Remuneration of councillors	5 563	5 997	6 180	6 765	6 406	6 406	6 406	7 221	-	-
Depreciation & asset impairment	4 891	4 733	7 717	6 621	7 384	7 384	7 384	9 230	-	-
Finance charges	37	87	39	125	70	70	70	120	-	-
Materials and bulk purchases	2 647	3 589	6 905	7 150	8 353	8 353	8 353	9 390	-	-
Transfers and grants	2 156	2 725	3 467	3 700	-	-	-	4 000	-	-
Other expenditure	28 531	28 537	42 410	34 646	58 684	58 684	58 684	62 740	-	-
Total Expenditure	57 518	64 382	84 493	85 917	105 669	105 669	105 669	128 010	-	-
Surplus/(Deficit)	8 664	12 998	3 720	2 908	(15 061)	(15 061)	(15 061)	(4 102)	-	-
Transfers recognised - capital	23 330	23 007	21 786	22 786	22 786	22 786	22 786	23 517	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	31 994	36 005	25 506	25 694	7 725	7 725	7 725	19 415	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	31 994	36 005	25 506	25 694	7 725	7 725	7 725	19 415	-	-
Capital expenditure & funds sources										
Capital expenditure	18 479	24 816	23 996	28 975	29 394	29 394	29 394	28 350	-	-
Transfers recognised - capital	23 431	20 963	21 786	22 787	22 787	22 787	22 787	23 517	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 894	3 853	2 210	6 188	6 607	6 607	6 607	4 833	-	-
Total sources of capital funds	26 325	24 816	23 996	28 975	29 394	29 394	29 394	28 350	-	-
Financial position										
Total current assets	47 737	54 162	62 826	53 461	35 759	35 759	35 759	39 138	-	-
Total non current assets	65 929	86 218	100 822	128 202	122 696	122 696	122 696	141 815	-	-
Total current liabilities	23 267	14 185	15 192	6 783	2 068	2 068	2 068	5 351	-	-
Total non current liabilities	373	164	689	1 327	889	889	889	689	-	-
Community wealth/Equity	90 026	126 031	147 768	173 553	155 498	155 498	155 498	174 913	-	-
Cash flows										
Net cash from (used) operating	34 794	29 096	26 441	33 533	10 344	10 344	10 344	23 924	-	-
Net cash from (used) investing	(13 479)	(14 786)	(23 054)	(55 261)	(29 395)	(29 395)	(29 395)	(28 350)	-	-
Net cash from (used) financing	532	(159)	(209)	(241)	-	-	-	-	-	-
Cash/cash equivalents at the year end	31 936	46 087	49 265	27 294	30 212	30 212	30 212	25 787	25 787	25 787
Cash backing/surplus reconciliation										
Cash and investments available	41 935	46 086	49 263	49 639	30 213	30 213	30 213	25 787	-	-
Application of cash and investments	18 537	7 416	7 520	3 279	(8 494)	(8 494)	(8 494)	(4 510)	-	-
Balance - surplus (shortfall)	23 398	38 670	41 743	46 360	38 707	38 707	38 707	30 297	-	-
Asset management										
Asset register summary (WDV)	65 929	86 218	100 684	128 202	122 696	122 696	122 696	141 815	-	-
Depreciation & asset impairment	4 891	4 733	7 717	6 621	7 384	7 384	7 384	9 230	-	-
Renewal of Existing Assets	15 584	9 394	5 572	13 437	13 437	13 437	13 437	-	-	-
Repairs and Maintenance	2 647	3 589	5 008	7 150	9 763	9 763	9 763	7 890	-	-
Free services										
Cost of Free Basic Services provided	2 156	2 725	3 467	3 700	3 700	3 700	3 700	4 000	-	-
Revenue cost of free services provided	2 164	3 054	14 397	15 141	15 141	15 141	15 141	12 043	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 1. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 2. Capital expenditure is balanced by capital funding sources, of which
 1. Transfers recognised is reflected on the Financial Performance Budget;
 2. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

KZN236 Imbabazane - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		46 313	59 419	49 086	47 781	49 602	49 602	62 566	-	-
Executive and council		10 000	10 500	8 874	14 085	14 085	14 085	14 185	-	-
Budget and treasury office		21 313	32 219	27 402	20 695	22 443	22 443	35 564	-	-
Corporate services		15 000	16 700	12 810	13 001	13 074	13 074	12 817	-	-
<i>Community and public safety</i>		15 000	17 063	37 422	37 734	37 697	37 697	30 262	-	-
Community and social services		15 000	17 063	37 422	37 734	37 697	37 697	30 262	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		28 198	23 904	23 490	26 097	26 097	26 097	54 597	37 931	-
Planning and development		12 613	14 510	13 957	13 080	13 080	13 080	46 032	37 931	-
Road transport		15 584	9 394	9 533	13 017	13 017	13 017	8 565	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	89 511	100 386	109 998	111 612	113 396	113 396	147 425	37 931	-
Expenditure - Standard										
<i>Governance and administration</i>		33 580	36 314	46 476	48 340	48 797	48 797	58 176	55 447	-
Executive and council		11 648	10 953	12 420	12 425	14 103	14 103	14 913	13 501	-
Budget and treasury office		13 807	13 944	25 028	22 914	23 006	23 006	27 294	26 416	-
Corporate services		8 125	11 416	9 028	13 001	11 688	11 688	15 968	15 529	-
<i>Community and public safety</i>		12 894	17 056	25 953	27 360	31 715	31 715	37 805	37 720	-
Community and social services		12 894	17 056	25 953	27 360	31 715	31 715	37 805	37 720	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11 043	11 011	12 064	10 217	25 156	25 156	32 029	12 953	-
Planning and development		11 043	11 011	12 064	10 217	25 156	25 156	32 029	12 953	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	57 517	64 381	84 493	85 917	105 668	105 668	128 010	106 120	-
Surplus/(Deficit) for the year		31 994	36 005	25 505	25 695	7 728	7 728	19 415	(68 189)	-

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal operating revenue and operating expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

KZN236 Imbabazane - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		10 000	10 500	8 874	14 085	14 085	14 085	14 185	-	-
Vote 2 - Budget and Treasury office		21 313	32 219	27 432	20 694	22 443	22 443	35 564	-	-
Vote 3 - Waste / Refuse Management		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social service		15 000	17 063	37 393	37 735	37 697	37 697	30 262	-	-
Vote 5 - Corporate services		15 000	16 700	12 810	13 001	13 074	13 074	12 817	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - Sports and recreation		-	-	-	-	-	-	-	-	-
Vote 9 - Technical and Planning development		12 613	14 510	23 490	13 080	13 080	13 080	46 032	-	-
Vote 10 - Road transport		15 584	9 394	-	13 017	13 017	13 017	8 565	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-
Vote 13 - Markets		-	-	-	-	-	-	-	-	-
Vote 14 - Tourism		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	89 511	100 386	109 999	111 612	113 396	113 396	147 425	-	-
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		11 648	10 953	12 420	12 425	14 104	14 104	14 913	-	-
Vote 2 - Budget and Treasury office		13 807	13 944	25 028	22 914	23 006	23 006	27 294	-	-
Vote 3 - Waste / Refuse Management		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social service		12 894	17 056	25 953	27 360	31 716	31 716	37 805	-	-
Vote 5 - Corporate services		8 125	11 416	9 028	13 001	11 688	11 688	15 968	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - Sports and recreation		-	-	-	-	-	-	-	-	-
Vote 9 - Technical and Planning development		11 043	11 011	12 064	10 217	25 157	25 157	32 029	-	-
Vote 10 - Road transport		-	-	-	-	-	-	-	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-
Vote 13 - Markets		-	-	-	-	-	-	-	-	-
Vote 14 - Tourism		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	57 517	64 381	84 493	85 917	105 671	105 671	128 010	-	-
Surplus/(Deficit) for the year	2	31 994	36 005	25 506	25 695	7 725	7 725	19 415	-	-

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

KZN236 Imbabazane - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	4 792	6 316	7 261	7 627	7 711	7 711	7 711	12 064	13 416	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other											
Rental of facilities and equipment		51	111			70	70	70	72		
Interest earned - external investments		990	1 858	2 727	2 100	2 200	2 200	2 200	1 500	2 301	
Interest earned - outstanding debtors						762	762	762	800	848	
Dividends received											
Fines		2	5			5	5	5	1		
Licences and permits		1	1			1	1	1			
Agency services											
Transfers recognised - operational		59 853	66 544	75 408	78 416	78 416	78 416	78 416	94 347	112 007	
Other revenue	2	285	2 515	2 817	682	1 443	1 443	1 443	15 063	148	–
Gains on disposal of PPE		209	31						60		
Total Revenue (excluding capital transfers and contributions)		66 182	77 380	88 212	88 825	90 608	90 608	90 608	123 908	128 720	–
Expenditure By Type											
Employee related costs	2	13 692	18 713	17 775	26 910	24 772	24 772	24 772	35 310	37 588	–
Remuneration of councillors		5 563	5 997	6 180	6 765	6 406	6 406	6 406	7 221	7 089	–
Debt impairment	3			282	840	762	762	762	750	795	–
Depreciation & asset impairment	2	4 891	4 733	7 717	6 621	7 384	7 384	7 384	9 230	7 950	–
Finance charges		37	87	39	125	70	70	70	120	53	–
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	2 647	3 589	6 905	7 150	8 353	8 353	8 353	9 390	7 134	–
Contracted services		3 383	1 698	3 812	4 160	3 560	3 560	3 560	4 300	4 558	–
Transfers and grants		2 156	2 725	3 467	3 700	–	–	–	4 000	4 240	–
Other expenditure	4, 5	25 148	26 839	38 317	29 646	54 339	54 339	54 339	57 690	36 713	–
Loss on disposal of PPE						23	23	23			–
Total Expenditure		57 518	64 382	84 493	85 917	105 669	105 669	105 669	128 010	106 120	–
Surplus/(Deficit)		8 664	12 998	3 720	2 908	(15 061)	(15 061)	(15 061)	(4 102)	22 601	–
Transfers recognised - capital		23 330	23 007	21 786	22 786	22 786	22 786	22 787	23 517	23 709	–
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											–
Surplus/(Deficit) after capital transfers & contributions		31 994	36 005	25 506	25 694	7 725	7 725	7 726	19 415	46 310	–
Taxation											–
Surplus/(Deficit) after taxation		31 994	36 005	25 506	25 694	7 725	7 725	7 726	19 415	46 310	–
Attributable to minorities											–
Surplus/(Deficit) attributable to municipality		31 994	36 005	25 506	25 694	7 725	7 725	7 726	19 415	46 310	–
Share of surplus/ (deficit) of associate	7										–
Surplus/(Deficit) for the year		31 994	36 005	25 506	25 694	7 725	7 725	7 726	19 415	46 310	–

KZN236 Imbabazane - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Waste / Refuse Management		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social service		-	-	-	9 770	9 770	9 770	9 770	-	-	-
Vote 5 - Corporate services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Sports and recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical and Planning development		-	14 510	20 677	-	-	-	-	-	-	-
Vote 10 - Road transport		15 584	9 394	-	13 017	13 017	13 017	13 017	-	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-	-
Vote 13 - Markets		-	-	-	-	-	-	-	-	-	-
Vote 14 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	15 584	23 904	20 677	22 787	22 787	22 787	22 787	-	-	-
<i>Single-year expenditure to be appropriated</i>	2										
Vote 1 - Executive and Council		743	-	703	1 660	2 663	2 663	2 663	1 660	170	-
Vote 2 - Budget and Treasury office		85	202	887	180	174	174	174	80	85	-
Vote 3 - Waste / Refuse Management		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social service		166	128	-	605	189	189	189	60	4 798	-
Vote 5 - Corporate services		662	511	-	880	848	848	848	170	880	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Sports and recreation		-	-	2 371	-	-	-	-	-	-	-
Vote 9 - Technical and Planning development		1 239	72	-	2 863	2 733	2 733	2 733	17 815	2 080	-
Vote 10 - Road transport		-	-	-	-	-	-	-	8 565	29 909	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-	-
Vote 13 - Markets		-	-	-	-	-	-	-	-	-	-
Vote 14 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 894	912	3 961	6 188	6 607	6 607	6 607	28 350	37 921	-
Total Capital Expenditure - Vote		18 479	24 816	24 638	28 975	29 394	29 394	29 394	28 350	37 921	-
Capital Expenditure - Standard											
<i>Governance and administration</i>		1 490	713	1 590	2 720	3 685	3 685	3 685	1 910	1 134	-
Executive and council		743	-	703	1 660	2 663	2 663	2 663	1 660	170	-
Budget and treasury office		85	202	887	180	174	174	174	80	85	-
Corporate services		662	511	-	880	848	848	848	170	880	-
<i>Community and public safety</i>		166	128	2 371	10 375	9 959	9 959	9 959	60	4 798	-
Community and social services		166	128	-	10 375	9 959	9 959	9 959	60	4 798	-
Sport and recreation		-	-	2 371	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16 823	23 975	20 677	15 880	15 750	15 750	15 750	26 380	31 989	-
Planning and development		16 823	14 582	20 677	15 880	15 750	15 750	15 750	26 380	31 989	-
Road transport		-	9 394	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	18 479	24 816	24 638	28 975	29 394	29 394	29 394	28 350	37 921	-
Funded by:											
National Government		23 431	20 963	21 786	22 787	22 787	22 787	22 787	23 517	23 709	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	23 431	20 963	21 786	22 787	22 787	22 787	22 787	23 517	23 709	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2 894	3 853	2 852	6 188	6 607	6 607	6 607	4 833	14 212	-
Total Capital Funding	7	26 325	24 816	24 638	28 975	29 394	29 394	29 394	28 350	37 921	-

KZN236 Imbabazane - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		31 935	46 086	14 095	19 639	213	213	213	25 787	40 053	
Call investment deposits	1	10 000	–	35 168	30 000	30 000	30 000	30 000	–	–	
Consumer debtors	1	2 765	4 874	8 725	2 520	3 963	3 963	3 963	11 304	15 381	–
Other debtors		3 037	3 202	4 838	1 302	1 583	1 583	1 583	2 047		
Current portion of long-term receivables											
Inventory	2										
Total current assets		47 737	54 162	62 826	53 461	35 759	35 759	35 759	39 138	55 435	–
Non current assets											
Long-term receivables											
Investments											
Investment property		1 708	1 626	1 557	1 388	1 490	1 490	1 490	1 423	1 356	
Investment in Associate											
Property, plant and equipment	3	64 144	84 459	98 621	126 135	120 606	120 606	120 606	139 885	191 609	–
Agricultural											
Biological											
Intangible		78	133	507	679	600	600	600	507	414	
Other non-current assets				138							
Total non current assets		65 929	86 218	100 822	128 202	122 696	122 696	122 696	141 815	193 379	–
TOTAL ASSETS		113 666	140 380	163 648	181 663	158 455	158 455	158 455	180 953	248 814	–
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	159	209	164	159	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	22 347	13 194	15 028	5 750	1 143	1 143	1 143	1 577	7 709	–
Provisions		761	782		874	925	925	925	3 774		
Total current liabilities		23 267	14 185	15 192	6 783	2 068	2 068	2 068	5 351	7 709	–
Non current liabilities											
Borrowing		373	164	–	–	–	–	–	–	–	–
Provisions		–	–	689	1 327	889	889	889	689	689	–
Total non current liabilities		373	164	689	1 327	889	889	889	689	689	–
TOTAL LIABILITIES		23 640	14 349	15 881	8 110	2 957	2 957	2 957	6 040	8 398	–
NET ASSETS	5	90 026	126 031	147 768	173 553	155 498	155 498	155 498	174 913	240 416	–
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		90 026	126 031	147 768	173 553	155 498	155 498	155 498	174 913	221 222	
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	90 026	126 031	147 768	173 553	155 498	155 498	155 498	174 913	221 222	–

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

- This is supported by an extensive table of notes (SA3 which can be found in these document) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

KZN236 Imbabazane - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		3 369	6 402	3 307	5 765	15 920	15 920	15 920	6 997	10 733	-
Service charges									-	-	-
Other revenue				2 271	682	1 443	1 443	1 443	15 129	133	-
Government - operating	1	59 853	61 159	95 513	78 416	78 416	78 416	78 416	94 347	112 007	-
Government - capital	1	23 330	20 963		22 787	22 787	22 787	22 787	23 517	23 709	-
Interest		990	1 858	2 727	2 100	2 200	2 200	2 200	1 964	2 979	-
Dividends									-	-	-
Payments											
Suppliers and employees		(50 562)	(58 479)	(77 339)	(72 392)	(110 352)	(110 352)	(110 352)	(113 910)	(93 082)	-
Finance charges		(29)	(82)	(39)	(125)	(70)	(70)	(70)	(120)	(53)	-
Transfers and Grants	1	(2 156)	(2 725)		(3 700)				(4 000)	(4 240)	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		34 794	29 096	26 441	33 533	10 344	10 344	10 344	23 924	52 187	-
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			31		300	-	-	-	-	-	-
Decrease (Increase) in non-current debtors					1 514	-	-	-	-	-	-
Decrease (increase) other non-current receivables					1 900	-	-	-	-	-	-
Decrease (increase) in non-current investments		5 000	10 000		(30 000)	-	-	-	-	-	-
Payments											
Capital assets		(18 479)	(24 816)	(23 054)	(28 975)	(29 395)	(29 395)	(29 395)	(28 350)	(37 921)	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(13 479)	(14 786)	(23 054)	(56 261)	(29 395)	(29 395)	(29 395)	(28 350)	(37 921)	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		532				-	-	-	-	-	-
Borrowing long term/refinancing						-	-	-	-	-	-
Increase (decrease) in consumer deposits						-	-	-	-	-	-
Payments		-				-	-	-	-	-	-
Repayment of borrowing			(159)	(209)	(241)	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		532	(159)	(209)	(241)	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	10 088	31 936	46 087	49 263	49 263	49 263	49 263	30 213	25 787	40 053
Cash/cash equivalents at the year end:	2	31 936	46 087	49 265	27 294	30 212	30 212	30 212	25 787	40 053	40 053

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- It can be seen that the cash levels of the Municipality rise significantly over the 2011/12 to 2015/16.
- The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
- Cash and cash equivalents totals R28.7 million as at the end of the 2015/16 financial year.

KZN236 Imbabazane - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	31 936	46 087	49 265	27 294	30 212	30 212	30 212	25 787	40 053	40 053
Other current investments > 90 days		9 999	(1)	(2)	22 346	1	1	1	-	-	(40 053)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		41 935	46 086	49 263	49 639	30 213	30 213	30 213	25 787	40 053	-
Application of cash and investments											
Unspent conditional transfers		19 215	11 786	3 174	5 000	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(678)	(4 371)	4 346	(2 216)	(8 494)	(8 494)	(8 494)	(8 973)	(3 888)	-
Other provisions		-	-	-	495	-	-	-	4 463	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		18 537	7 416	7 520	3 279	(8 494)	(8 494)	(8 494)	(4 510)	(3 888)	-
Surplus(shortfall)		23 398	38 670	41 743	46 360	38 707	38 707	38 707	30 297	43 941	-

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

KZN236 Imbabazane - Table A9 Asset Management

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE											
Total New Assets		1	2 894	15 422	19 067	15 538	15 958	15 958	28 350	37 921	-
Infrastructure - Road transport			-	-	4 381	-	-	-	8 565	23 709	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	3 146	-	-	-	-	-	-	-
Infrastructure			-	3 146	4 381	-	-	-	8 565	23 709	-
Community			-	6 500	13 567	9 770	9 770	9 770	14 952	88	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	2 812	5 690	1 119	5 168	5 738	5 738	4 833	14 124	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			82	87	-	600	450	450	-	-	-
Total Renewal of Existing Assets		2	15 584	9 394	5 572	13 437	13 437	13 437	-	-	-
Infrastructure - Road transport			15 584	9 394	3 981	13 017	13 017	13 017	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			15 584	9 394	3 981	13 017	13 017	13 017	-	-	-
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	1 591	420	420	420	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	15 584	9 394	8 362	13 017	13 017	13 017	8 565	23 709	-
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	3 146	-	-	-	-	-	-	-
Infrastructure			15 584	12 540	8 362	13 017	13 017	13 017	8 565	23 709	-
Community			-	6 500	13 567	9 770	9 770	9 770	14 952	88	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets			2 812	5 690	2 709	5 588	6 158	6 158	4 833	14 124	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			82	87	-	600	450	450	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	18 479	24 816	24 639	28 975	29 395	29 395	28 350	37 921	-
ASSET REGISTER SUMMARY - PPE (WDV)		5									
Infrastructure - Road transport			41 886	29 402	41 307	50 623	49 471	49 471	51 138	85 085	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			41 886	29 402	41 307	50 623	49 471	49 471	51 138	85 085	-
Community			7 849	7 524	-	24 123	18 638	18 638	32 968	17 772	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			1 708	1 626	1 557	1 388	1 490	1 490	1 423	1 356	-
Other assets			14 408	47 533	57 314	51 389	52 497	52 497	55 779	88 911	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			78	133	507	679	600	600	507	414	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	65 929	86 218	100 684	128 202	122 696	122 696	141 815	193 538	-
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment			4 891	4 733	7 717	6 621	7 384	7 384	9 230	7 950	-
Repairs and Maintenance by Asset Class		3	2 647	3 589	5 008	7 150	9 763	9 763	7 890	7 134	-
Infrastructure - Road transport			1 355	-	2 143	2 950	4 039	4 039	3 787	2 650	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			1 355	-	2 143	2 950	4 039	4 039	3 787	2 650	-
Community			248	-	-	1 150	1 150	1 150	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	1 045	3 589	2 865	3 050	4 574	4 574	4 103	4 484	-
TOTAL EXPENDITURE OTHER ITEMS			7 538	8 322	12 725	13 771	17 147	17 147	17 120	15 084	-
Renewal of Existing Assets as % of total capex			84.3%	37.9%	22.6%	46.4%	45.7%	45.7%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"			318.6%	198.5%	72.2%	202.9%	182.0%	182.0%	0.0%	0.0%	0.0%
R&M as a % of PPE			4.1%	4.2%	5.1%	5.7%	8.1%	8.1%	5.6%	3.7%	0.0%
Renewal and R&M as a % of PPE			28.0%	15.0%	11.0%	16.0%	19.0%	19.0%	6.0%	4.0%	0.0%

KZN236 Imbabazane - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		3 593	4 000	5 833	6 133	6 133	6 133	6 133		
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		2 156	2 725	3 467	3 700	3 700	3 700	4 000		
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		2 156	2 725	3 467	3 700	3 700	3 700	4 000	-	-
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		3 593	4 000	5 833	6 133	6 133	6 133	6 133		
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)		8	329	10 930	11 441	11 441	11 441	8 043		
Water										
Sanitation										
Electricity/other energy		2 156	2 725	3 467	3 700	3 700	3 700	4 000		
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	2 164	3 054	14 397	15 141	15 141	15 141	12 043	-	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality continues to make good progress with the eradication of backlogs:
- The budget provides for 10 000 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services.
- It is anticipated that these Free Basic Services will cost the municipality R4 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.

PART B - SUPPORTING DOCUMENT

PART 2 SUPPORTING DOCUMENTS

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;

- that there is proper alignment between the policy and service delivery priorities set out in the Municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 31 August 2014. Key dates applicable to the process were:

IDP and Service Delivery and Budget Implementation Plan

The Municipality IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation,)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 60, 67 and 75 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The draft 2015/16 MTREF as tabled before Council on 27 March 2015 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Individual sessions were scheduled with organised business and imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2015/16 MTREF.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a

role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);

- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Provision of quality basic services and infrastructure which includes, amongst others:
 1. Provide housing;
 2. Provide roads and storm water;
 3. Provide municipality planning services; and
 4. Maintaining the infrastructure of the Municipality.
- Economic growth and development that leads to sustainable job creation by:
 1. Ensuring there is a clear structural plan for the Municipality;
 2. Ensuring planning processes function in accordance with set timeframes;
 3. Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

4. Effective implementation of the Indigent Policy;
5. Working with the provincial department of health to provide primary health care services;
6. Working with strategic partners such as SAPS to address crime;
7. Ensuring safe working environments by effective enforcement of building and health regulations;
8. Promote viable, sustainable communities through proper zoning; and
9. Promote environmental sustainability by protecting wetlands and key open spaces.

4. Foster participatory democracy and Imbabazane local principles through a caring, accessible and accountable service by:

10. Optimising effective community participation in the ward committee system; and
11. Implementing Imbabazane local in the revenue management strategy.

5.1 Promote sound governance through:

12. Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

13. Reviewing the use of contracted services
14. Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

15. Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and

opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 5 to 10 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

KZN236 Imbabazane - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION	Run functional OPMS –(Municipal transformation development)	A										
	Improve organisational and institutional capacity (Municipal transformation development)	B		1 239	72	4 292	3 688	3 688	3 688	24 833		
GOOD GOVERNANCE & PUBLIC PARTICIPATION	Improve municipal image (good governance)	C		743	–	–	–	–	–			
	Facilitate communication(good governance)	D										
	Advance effective public participation (good governance)	E		662	511	–	–	–		80		
INFRASTRUCTURE AND SERVICE DELIVERY	Building community facilities	F		–	–	13 088	9 770	9 770	9 770	15 051		
	Advance access to basic service (basic service delivery)	G		15 584	9 394	8 204	13 017	13 017	13 017	8 407		
LOCAL ECONOMIC DEVELOPMENT	Promote economic growth and development (LED)	H		166	128							
		I		–	14 510	–	–	–	–			
	Improve & Support local economy (LED)	J										
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	Improved budget implementation in the municipality (Financial management)	K		85	202		2 500	2 500	2 500			
		L										
SPATIAL AND ENVIRONMENTAL	Promote efficient and credible strategic and spatial municipal planning (spatial & environmental)	M										
	Promote sustainable protection and development of the environment (spatial & environmental)	N										
	Disaster management plan (spatial & environmental)	O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	18 479	24 816	25 584	28 975	28 975	28 975	48 371	–	

6. **Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:



Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

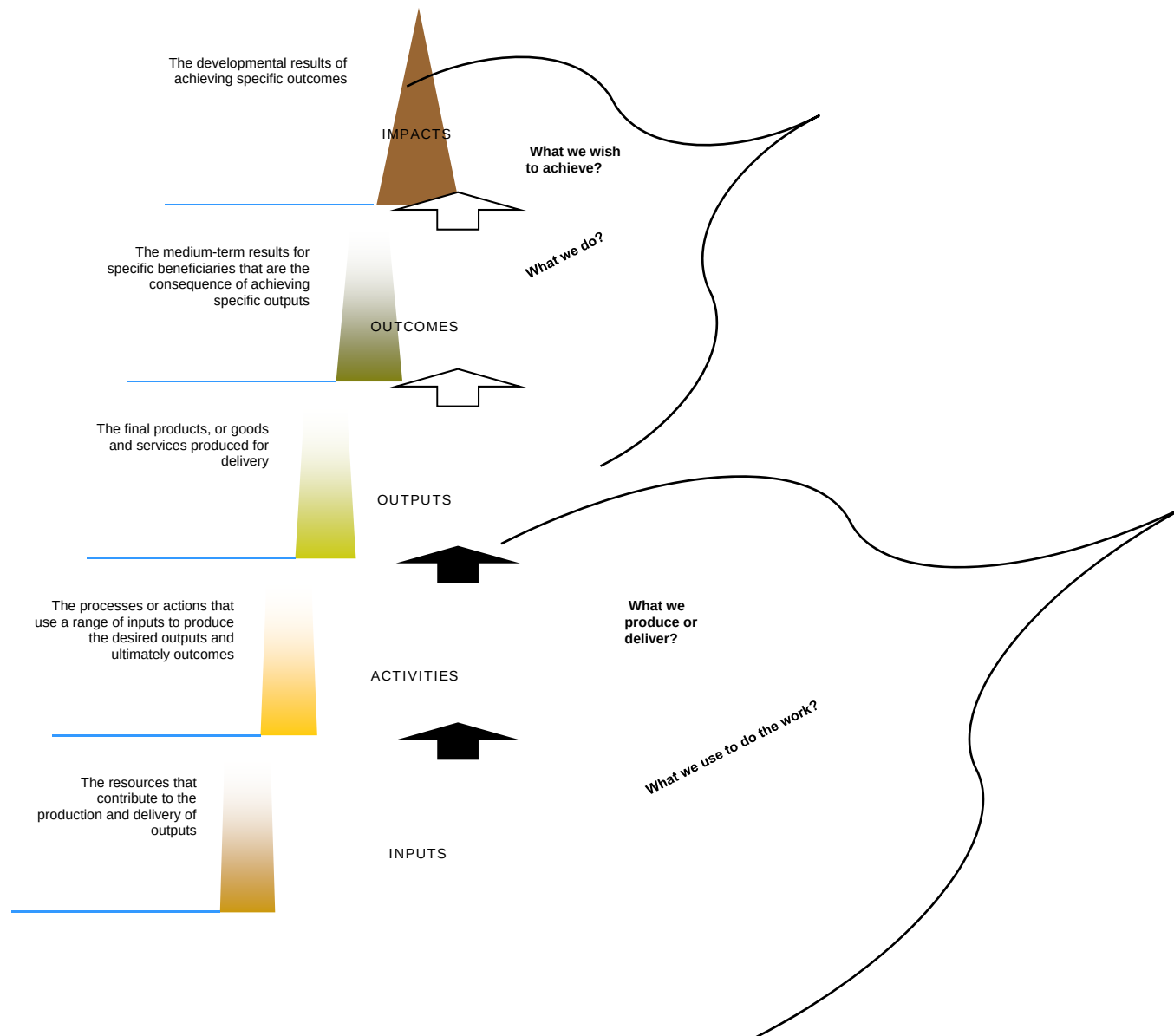


Figure 2 Definition of performance information concepts

KZN236 Imbabazane - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Credit Rating	Interest & Principal Paid /Operating Expenditure	0.1%	0.4%	0.3%	0.4%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Repayment of borrowing /Own Revenue	0.6%	2.3%	1.9%	3.5%	0.6%	0.6%	0.6%	0.4%	0.3%	0.0%
Capital Charges to Own Revenue	Borrowing/Capital expenditure excl. transfers and grants and contributions	-10.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure											
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.1	3.8	4.1	7.9	17.3	17.3	17.3	2.8	6.1	–
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.1	3.8	4.1	7.9	17.3	17.3	17.3	2.8	6.1	–
Liquidity Ratio	Monetary Assets/Current Liabilities	1.8	3.2	3.2	7.3	14.6	14.6	14.6	1.4	4.1	–
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		70.3%	101.4%	45.5%	120.3%	206.5%	206.5%	206.5%	80.0%	80.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		70.3%	101.4%	45.5%	75.6%	206.5%	206.5%	206.5%	80.0%	80.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	8.8%	10.4%	15.4%	4.3%	6.1%	6.1%	6.1%	14.5%	11.9%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		9.8%	3.1%	24.1%	2.7%	3.8%	3.8%	3.8%	73.8%	24.5%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.7%	24.2%	20.2%	30.3%	27.3%	27.3%	27.3%	28.0%	29.2%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.0%	4.6%	5.7%	8.0%	10.8%	10.8%		4.2%	5.5%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.4%	6.2%	8.8%	7.6%	8.2%	8.2%	8.2%	6.1%	6.2%	0.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.1	3.7	5.5	4.7	4.7	4.7	4.2	10.8	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	119.8%	125.7%	186.8%	50.1%	71.3%	71.3%	71.3%	128.4%	114.6%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	10.7	13.4	12.0	6.1	6.0	6.0	6.0	–	5.3	–

Performance indicators and benchmarks

Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 4.3:1 in the 2013/14 financial year and 8:1 for the 2015/16 financial year.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 2:1 and as part of the financial planning strategy it has been increased to 4.2:1 in the 2013/14 financial year and 5.5:1 for 2015/16 financial year.

Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection 99.8%.

Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 0% non-compliance rate to this legislative obligation. This will assist us on improving impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality business.

Other Indicators

- Employee costs as a percentage of operating revenue to increase to 27.6 per cent on 2013/14 and deescalate over 28.1 per cent on 2014/15 and 34.3 per cent on 2015/16 the MTREF.
- Repairs and maintenance as percentage of operating revenue is 8 per cent in 2015/16 financial year. In real terms, repairs and maintenance has increased as part of the Municipality strategy to ensure the management of its asset base.

- Depreciation as percentage of operating revenue is to 7.4 per cent in the 2015/16 financial year. In real terms, depreciation has increased as part of the Municipality strategy to ensure the acquisition of assets.

7. **Overview of budget related policies**

We have reviewed tariff, rates and SCM policies by effecting the following amendments from previous versions.

i) Tariff policy

Original and amended tariff charges together with proposed amendments were tabled before the council to note.

8. **Overview of budget assumptions**

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro- economic targets;
- The general inflationary outlook and the impact on Municipality residents and businesses;
- The impact of municipal cost drivers;

- The increase in the cost of remuneration 4.4 per cent, Employee related costs comprise 33.2 per cent of total operating expenditure in the 2015/16 MTREF.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

9. **Overview of budget funding**

1.4 **Sources of Revenue**

Description **2015/16 Medium Term Revenue & Expenditure Framework**

Own Revenue

According to Division of Revenue Bill					
	Description		2015/16	2016/17	2017/18
			BUDGET Year	BUDGET Year +1	Budget Year +2
<u>Operating Transfers and Grants</u>					
National Government:					
1	Local Government Equitable Share		79 926 000.00	77 871 000.00	74 121 000.00
			4 545 000.00	4 752 000.00	4 963 000.00
2	Finance Management		1 800 000.00	1 825 000.00	1 900 000.00
3	Municipal Systems Improvement		930 000.00	957 000.00	1 033 000.00
4	EPWP Incentive		1 409 000.00	-	-
5	Municipal Demarcation Transition		1 860 000.00	-	-
Provincial Government:					
5	COGTA - IDP				
6	Department of Art & Culture		707 000.00	744 000.00	781 000.00
	Department of Art & Culture		170 000.00	179 000.00	188 000.00
	Transfer recognised operation	-	91 347 000.00	86 328 000.00	82 986 000.00
<u>Capital Transfers and Grants</u>					
National Government:					
Municipal Infrastructure Grant (MIG)			23 517 000.00	24 316 000.00	25 513 000.00
Intergrated National Electrification Programme			18 000 000.00	19 000 000.00	20 000 000.00
		52			
	Transfer recognised capital	-	41 517 000.00	43 316 000.00	45 513 000.00
	Total Grants recognised	-	132 864 000.00	129 644 000.00	128 499 000.00

BILLABLE REVENUE		(12 136 684)
RATES INCOME		(12 064 247)
RENTAL MPCC		(72 438)
MISCELLANEOUS INCOME		(17 424 100)
RATES CLEARANCE CERTIFICATE		(600)
INTEREST ON INVEST PRIMARY ACCOUNT		(1 500 000)
INTEREST ON OUTSTANDING DEBTORS		(800 000)
COPIES		(1 000)
GAIN ON DISPOSAL OF PPE		(60 000)
FINES		(1 000)
INCOME TENDERERS		(60 000)
ACCUMULATED SURPLUS		-
Electrification		(15 000 000)
BUSINESS LICENCES		(1 500)

KZN236 Imbabazane - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		59 373	66 068	72 273	77 605	77 605	77 605	93 470	85 405	82 017
Local Government Equitable Share		57 268	64 585	68 733	73 871	73 871	73 871	84 471	82 623	79 084
Finance Management		1 312	829	1 650	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement		793	654	890	934	934	934	930	957	1 033
EPWP Incentive				1 000	1 000	1 000	1 000	1 409		
Demarcation								1 860		
								-		
ELECTRIFICATION								3 000		
Provincial Government:		479	476	777	811	811	811	877	923	969
		150	146	-						
				120	126	126	126	170	179	188
Library Grant		329	330	657	685	685	685	707	744	781
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										

Total operating expenditure of Transfers and Grants	59 853	66 544	73 050	78 416	78 416	78 416	94 347	86 328	82 986
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	23 330	21 097	21 523	22 787	22 787	22 787	23 517	43 316	45 513
	17 281	21 097	21 523	22 787	22 787	22 787	23 517	24 316	25 513
Other capital transfers/grants [insert desc]	6 049							19 000	20 000
Provincial Government:	–	1 909	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		1 909							
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	–	–	–	–	–	–	–	–	–
[insert description]									
Total capital expenditure of Transfers and Grants	23 330	23 006	21 523	22 787	22 787	22 787	23 517	43 316	45 513
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	83 182	89 551	94 573	101 203	101 203	101 203	117 864	129 644	128 499

10. **Expenditure on allocations and grant programmes**

Grant	Objective/purpose	Amount
Equitable Share	Unconditional grant to support municipality to realize its goals.	R84.4 mil
Municipal Infrastructure Grant	To fund Treasury approved capital projects of the municipality	R23.5mil
Electrification programme	To provide electricity	R18 mil
Finance Management Grant	To fund needs for enhancing financial management and implementation of MFMA. To fund internship program.	R1.8mil
Municipal System Improvement Grant	To fund system development projects.	R930 000
Library Grant	To fund library related programmes.	R877 000
Municipal Demarcation Transition	Operating and administration purposes	R1.8 mil
EPWP	To fund labour intensive programmes	R1.4mil

11. **Allocation and grants made by Municipality**

KZN236 Imbabazane - Supporting Table SA21 Transfers and grants made by the municipality

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i> ESCOM fee	3	2 156	2 725	3 467					4 000	4 240	
Total Cash Transfers To Other Organs Of State:		2 156	2 725	3 467	-	-	-	-	4 000	4 240	-
<u>Cash Transfers to Organisations</u> <i>Insert description</i>	4										
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Groups of Individuals</u> <i>Insert description</i>	5										
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	2 156	2 725	3 467	-	-	-	-	4 000	4 240	-
<u>Non-Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u> <i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u> <i>Insert description</i> Basic services	5				3 700						
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	3 700	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	3 700	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	2 156	2 725	3 467	3 700	-	-	-	4 000	4 240	-

Payment for free basic electricity and supply of alternative source of energy are regarded as grant made by this municipality to service providers. An amount of R 4 million has been budgeted for 2015/2016 financial year.

13. Monthly targets for revenue, expenditure and cash flow.

KZN236 Imbabazane - Supporting Table SA25 Budgeted monthly revenue and expenditure

Budget Year 2015/16														Medium Term Revenue and Expenditure Framework		
R thousand														Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																
Property rates	5 849	565	565	565	565	565	565	565	565	565	565	565	565	12 064	13 416	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	6	6	6	6	6	6	6	6	6	6	6	6	6	72	-	-
Interest earned - external investments	125	125	125	125	125	125	125	125	125	125	125	125	125	1 500	2 301	-
Interest earned - outstanding debtors	67	67	67	67	67	67	67	67	67	67	67	67	67	800	848	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	31 457	5 467	-	-	28 627	-	-	299	28 498	-	-	-	(0)	94 347	112 007	-
Other revenue	7 673	7 390	-	-	-	-	-	-	-	-	-	-	(0)	15 063	148	-
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	60	-	60	-	-
Total Revenue (excluding capital transfers and contributions)	45 177	13 619	763	763	29 389	763	763	1 062	29 261	763	823	764	123 908	128 720	-	-
Expenditure By Type																
Employee related costs	2 942	2 942	2 942	2 942	2 942	2 942	2 942	2 942	2 942	2 942	2 942	2 942	2 942	35 310	37 588	-
Remuneration of councillors	602	602	602	602	602	602	602	602	602	602	602	602	602	7 221	7 089	-
Debt impairment	63	63	63	63	63	63	63	63	63	63	63	63	63	750	795	-
Depreciation & asset impairment	769	769	769	769	769	769	769	769	769	769	769	769	769	9 230	7 950	-
Finance charges	10	10	10	10	10	10	10	10	10	10	10	10	10	120	53	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	1	1	1	1	1	1	1	1	1	1	1	1	9 383	9 390	7 134	-
Contracted services	358	358	358	358	358	358	358	358	358	358	358	358	358	4 300	4 558	-
Transfers and grants	333	333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 240	-
Other expenditure	4 495	4 495	4 495	4 495	4 495	4 495	4 495	4 495	4 495	4 495	4 495	4 495	8 248	57 690	36 713	-
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	9 573	9 573	9 573	9 573	9 573	9 573	9 573	9 573	9 573	9 573	9 573	9 573	22 709	128 010	106 120	-
Surplus/(Deficit)																
Transfers recognised - capital	35 604	4 047	(8 810)	(8 810)	19 817	(8 810)	(8 810)	(8 511)	19 688	(8 810)	(8 750)	(21 945)	(4 102)	22 601	-	-
Contributions recognised - capital	7 839	-	-	-	7 839	-	-	-	7 839	-	-	-	23 517	23 709	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	43 443	4 047	(8 810)	(8 810)	19 817	(971)	(8 810)	(8 511)	19 688	(971)	(8 750)	(21 945)	19 415	46 310	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	43 443	4 047	(8 810)	(8 810)	19 817	(971)	(8 810)	(8 511)	19 688	(971)	(8 750)	(21 945)	19 415	46 310	-

KZN236 Imbabazane - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

212301000

KZN236 Imbabazane - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates	254	254	4 198	254	254	254	254	254	254	254	254	254	6 997	10 733	
Property rates - penalties & collection charges															
Service charges - electricity revenue															
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue															
Service charges - other															
Rental of facilities and equipment	5	5	5	5	5	5	5	5	5	5	5	5	65		
Interest earned - external investments	125	125	125	125	125	125	125	125	125	125	125	125	1 500	2 301	
Interest earned - outstanding debtors	39	39	39	39	39	39	39	39	39	39	39	39	464	678	
Dividends received															
Fines												1	1		
Licences and permits															
Agency services															
Transfer revenue - operational	31 457	5 467			28 627				28 797			(0)	94 347	112 007	
Other revenue	8 755	6 218	9	9	9	9	9	9	9	9	9	9	15 063	133	
Cash Receipts by Source	40 636	12 108	4 376	433	29 059	433	433	433	29 230	433	433	433	118 437	125 853	-
Other Cash Flows by Source	7 839					7 839				7 839			23 517	23 709	
Transfer receipts - capital															
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	48 475	12 108	4 376	433	29 059	8 272	433	433	29 230	8 272	433	433	141 954	149 562	-
Cash Payments by Type															
Employee related costs	2 806	2 806	2 806	2 806	4 439	2 806	2 806	2 806	2 806	2 806	2 806	2 806	35 310	37 588	
Remuneration of councillors	602	602	602	602	602	602	602	602	602	602	602	602	7 221	7 089	
Finance charges	10	10	10	10	10	10	10	10	10	10	10	10	120	53	
Bulk purchases - Electricity															
Bulk purchases - Water & Sewer															
Other materials	782	782	782	782	782	782	782	782	782	782	782	782	9 390	7 134	
Contracted services	358	358	358	358	358	358	358	358	358	358	358	358	4 300	4 558	
Transfers and grants - other municipalities															
Transfers and grants - other	333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 240	
Other expenditure	4 807	4 807	4 807	4 807	4 807	4 807	4 807	4 807	4 807	4 807	4 807	4 807	57 690	36 713	
Cash Payments by Type	9 700	9 700	9 700	9 700	11 332	9 700	9 700	9 700	9 700	9 700	9 700	9 700	118 030	97 375	-
Other Cash Flows/Payments by Type	3 891	3 667	2 755	2 665	1 781	1 043	1 220	2 795	2 396	2 232	2 347	1 658	28 350	37 921	
Capital assets															
Repayment of borrowing															
Other Cash Flows/Payments															
Total Cash Payments by Type	13 591	13 367	12 455	12 265	13 113	10 743	10 920	12 495	12 096	11 932	12 047	11 358	146 380	135 296	-
NET INCREASE/(DECREASE) IN CASH HELD	34 884	(1 259)	(8 078)	(11 832)	15 946	(2 471)	(10 488)	(12 062)	17 134	(3 660)	(11 614)	(10 925)	(4 426)	14 266	-
Cash/cash equivalents at the month/year begin:	30 213	65 097	63 839	55 760	43 928	59 874	57 403	46 915	34 853	51 987	48 327	36 713	30 213	25 787	40 053
Cash/cash equivalents at the month/year end:	65 097	63 839	55 760	43 928	59 874	57 403	46 915	34 853	51 987	48 327	36 713	25 787	25 787	40 053	40 053

14. **Annual budgets and service delivery and budget implementation plans-Internal departments**

To be table 28 days after adoption of budget

15. **Annual budgets and service delivery agreements with municipal entities and other external mechanism.**

Not applicable

16. **Contract having future budgetary implications**

No long term contracts

17. **Capital expenditure details**

747	266 004	EQUIPMENT PROTECTIVE SERVICES			
747	266 005	OFFICE FURNITURE/AARTO EQUIPME	-	-	200 000.00
747	266 024	COMPUTER AND PRINTER	60 000.00	60 000.00	60 000.00
747	266 022	PARKHOMES	-	150 000.00	
747	266 007	VEHICLE	-	500 000.00	
		PARKS AND RECREATIONS		3 000 000.00	3 000 000.00
		POUNDING STRUCTURE		1 000 000.00	
		TOTAL CAPITAL EXPENDITURE	60 000.00	4 710 000.00	3 260 000.00

		CAPITAL EXPENDITURE (CAPEX)				
745	266005	OFFICE FURNITURE AND EQUIPMENT	-	100 000.00	106 000.00	112 360.00
745	266007	VEHICLES		1 500 000.00		
745	266024	COMPUTER AND PRINTER	-	60 000.00	63 600.00	67 416.00
		TOTAL CAPITAL EXPENDITURE	-	1 660 000.00	169 600.00	179 776.00

		Technical and Infrastructure service	2015/16	2016/17	2017/18
			BUDGET Year	BUDGET Year +1	Budget Year +2
		CAPITAL EXPENDITURE (CAPEX)			
744	266 005	OFFICE FURNITURE AND EQUIPMENT	75 000.00	79 500.00	84 270.00
744	266 006	PLANT AND EQUIPMENT	2 500 000.00	1 500 000.00	1 000 000.00
		COMPUTERS AND PRINTERS			
744	266 007	VEHICLES		500 000.00	
744	266 009	BUILDINGS	287 595.40		-
744	266 011	TRANSPORT SHELTERS		2 700 000.00	
744	266 012	STORMWATER DRAINAGE		3 500 000.00	
		TOTAL CAPITAL EXPENDITURE	2 862 595.40	8 279 500.00	1 084 270.00

		Budget And Treasury Office	2015/16	2016/17	2017/18
			BUDGET Year	BUDGET Year +1	Budget Year +2
		CAPITAL EXPENDITURE (CAPEX)			
	266 005	OFFICE FURNITURE AND EQUIPMENT	-	-	-
	266 024	COMPUTER AND PRINTER	80 000.00	84 800.00	89 888
	266 007	VEHICLES	-	-	-
		TOTAL CAPITAL EXPENDITURE	80 000.00	84 800.00	89 888.00

		Corporate service	2015/16	2016/17	2017/18
			BUDGET Year	BUDGET Year +1	Budget Year +2
		CAPITAL EXPENDITURE (CAPEX)			
741	266001	COMPUTER SOFTWARE	-	400 000.00	500 000.00
741	266004	SERVER ROOM	-		
741	266005	OFFICE FURNITURE AND EQUIPMENT	-	100 000.00	100 000.00
741	266010	IT SYSTEM UPGRADE	100 000.00	100 000.00	100 000.00
741	266024	COMPUTER AND PRINTER	50 000.00	80 000.00	80 000.00
741	266103	OFFICE CABLING	20 000.00		50 000.00
		vehicle		200 000.00	
		TOTAL CAPITAL EXPENDITURE	170 000.00	880 000.00	830 000.00

		PROJECTS			
744	400 160	MBANGENI GRAVEL ROAD	90 889.40		
		ENHLANO-MKHIZE COMMUNITY HALL	105 631.24		
		MPOPHOMENI COMMUNITY HALL	88 412.61		
744		EPHANGWENI COMMUNITY HALL	3 345 871.26		
744		BHUNGANE/ROSEDALE COMMUNITY	3 229 729.63		
		MADAZANE COMMUNITY HALL	3 317 230.93		
		MQADANDABA COMMUNIITY HALL	3 120 458.62		
		THWATHWA/KWANDABE HALL	365 183.04		
		MAZIYANE COMMUNITY HALL	1 379 862.55		
		MBANJWA/DUTCH GRAVEL ROAD	2 231 552.54		
		EMBANGENI VEHICLE BRIDGE	1 323 589.41		
		EMANDABENI GRAVEL ROAD	1 501 445.50		
		MDWEBU/SOBABILI BRIDGE	1 013 064.96		
		DONSAMEHLO GRAVEL ROAD	2 404 078.31		
		TOTAL PROJECTS	23 517 000.00	-	-

18. **Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. The Municipality have complied with municipal budget and reporting regulation –Schedule A of MFMA in compiling the budget
2. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality website.
3. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained 9 interns through this programme and a majority of them were appointed either in the City or other Institutions such as Dept. water affairs, Abaqulusi Municipality and within the municipality.

4. Budget and Treasury steering committee
The Budget and Treasury Office has been established in accordance with the MFMA.
5. Audit Committee
An Audit Committee has been established and is fully functional.
6. Service Delivery and Implementation Plan
The detail SDBIP document will be finalised after approval of the 2015/16MTREF in 29 May 2015 directly aligned and informed by the 2015/16 MTREF.
7. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
8. MFMA Training
The MFMA training module in electronic format is presented at the Municipality internal centre and training is on-going.

Other supporting documents

KZN236 Imbabazane - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4 800	6 645	7 261 190	7 627	19 307	19 307	19 307	20 107	13 416	
less Revenue Foregone		8	329			11 596	11 596	11 596	8 043		
Net Property Rates		4 792	6 316	7 261	7 627	7 711	7 711	7 711	12 064	13 416	-
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue											
less Revenue Foregone											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue											
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
Other Revenue by source											
List other revenue by source											
Other own revenue					682	1 443	1 443	1 443		148	
Income Tenders		40	36						60		
Electrification									15 000		
Other revenue		236	702	446							
Interest on credit balance (bank account)											
Copies		8	3						1		
Surplus funds											
Rates clearance certificate									1		
Donations											
Business licences									2		
Unallocated deposit			1 773								
Total 'Other' Revenue	1	285	2 515	2 817	682	1 443	1 443	1 443	15 063	148	-
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	9 746	14 014	#####	21 782	19 315	19 315	19 315	27 824	30 482	
Pension and UIF Contributions		55	106	69	1 448	1 540	1 540	1 540	1 373	1 370	
Medical Aid Contributions		1 318	1 737	1 421 578	933	992	992	992	908	767	
Overtime			8	54	93	99	99	99	96	101	
Performance Bonus		636	854	684 223	230	244	244	244	1 632	1 621	
Motor Vehicle Allowance		1 079	1 519	997 509	808	860	860	860	1 401	1 034	
Cellphone Allowance					360	383	383	383	366	381	
Housing Allowances		612	117	50	74	78	78	78	113	112	
Other benefits and allowances		173	235	214	789	840	840	840	825	874	
Payments in lieu of leave		72	123	2	394	420	420	420	771	847	
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	13 692	18 713	17 775	26 910	24 772	24 772	24 772	35 310	37 588	-
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	13 692	18 713	17 775	26 910	24 772	24 772	24 772	35 310	37 588	-
Contributions recognised - capital											
List contributions by contract											
MIG											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		4 891	4 733	7 717 189	6 621	7 384	7 384	7 384	9 230	7 950	
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	4 891	4 733	7 717	6 621	7 384	7 384	7 384	9 230	7 950	-
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1	-	-	-	-	-	-	-	-	-	-
Transfers and grants											
Cash transfers and grants		2 156	2 725	3 467	-	-	-	-	4 000	4 240	-
Non-cash transfers and grants		-	-	-	3 700	-	-	-	-	-	-
Total transfers and grants	1	2 156	2 725	3 467	3 700	-	-	-	4 000	4 240	-
Contracted services											
List services provided by contract											
Security services		1 290	1 698	3 811 556	3 660	3 360	3 360	3 360	4 000	4 240	
N3 Fire		1 861			500	200	200	200	300		
Xerox Machines		233								318	
sub-total	1	3 383	1 698	3 812	4 160	3 560	3 560	3 560	4 300	4 558	-
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		3 383	1 698	3 812	4 160	3 560	3 560	3 560	4 300	4 558	-
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees	3	475	1 661	1 577 581	2 450	2 609	2 609	2 609	500	741	
Audit fees		1 280	1 843	2 567 670	2 022	1 622	1 622	1 622	2 224	2 143	
General expenses		7 874	4 324	13 625	10 439	50 108	50 108	50 108	3 132	17 626	
List Other Expenditure by Type											
Advertising		799	857		350				200		
Cleaning		300	432		200				300		
Demarcation									1 860		
Electricity		329	296		400				400		
Entertainment		306	300		390				390		
Financial assistance and grant		1 941	1 121	2 267	1 800				1 800		
GIS									150		
Kwana logo games		399	882	643	550				600		
Job creation		963	400		1 000				1 000		
Heritage Programme		252	258	399	300				200		

	Budget And Treasury Office	2015/16	2016/17	2017/18
		BUDGET Year	BUDGET Year +1	Budget Year +2
	GENERAL EXPENSES			
260 001	ADVERTISEMENTS	100 000.00	106 000.00	112 360.00
260 069	INDIGENT IMPLEMENTATION	100 000.00	106 000.00	112 360.00
260 090	ANNUAL REPORT	150 000.00	159 000.00	168 540.00
260 068	BUDGET/PUBLIC PARTICIPATION	1 500 000.00	1 590 000.00	1 685 400.00
260 046	CICS MAINTANANCE	480 000.00	508 800.00	539 328.00
260 013	ENTERTAINMENT	50 000.00	53 000.00	56 180.00
260 013	INSURANCES	450 000.00	477 000.00	505 620.00
260 023	MEETING SUBS. AND TRAVEL	300 000.00	318 000.00	337 080.00
260 026	PRINTING AND STATIONERY	150 000.00	159 000.00	168 540.00
260 040	MUNICIPAL SYSTEM IMPROVEMENT	330 000.00	355 000.00	373 280.00
6 002	INCOME FOREGONE		-	-
260 043	TRAINING ON FINANCIAL SYSTEM/ FINANCIAL SL	-	-	-
260 044	CONSULTATION FEES	800 000.00	741 496.44	716 900.06
260 083	TEAM BUILDING	30 000.00	31 800.00	33 708.00
	ASSET MANAGEMENT	200 000.00	212 000.00	224 720.00
400 070	FMG EXPENDITURE	1 800 000.00	1 950 000.00	2 100 000.00
	TOTAL GENERAL EXPENSES	6 440 000.00	6 767 096.44	7 134 016.06

		Technical and Infrastructure service	2015/16	2016/17	2017/18
744			BUDGET Year	BUDGET Year +1	Budget Year +2
744	260 024	MEMBERSHIP FEES	10 000.00	10 600.00	11 236.00
744	260 037	FUEL AND LUBRICANTS	1 500 000.00	1 590 000.00	1 685 400.00
744	260 064	ELECTRICAL MANAGEMENT PLAN	-		-
744	260 070	INFRASTRUCTURE MANAGEMENT PLAN			-
744	260 087	HOUSING CONSUMER EDUCATION	50 000.00	53 000.00	56 180.00
744	260 106	MIG PMU EXPENDITURE	-	-	-
744	260 013	ENTERTAINMENT	30 000.00	31 800.00	33 708.00
744	260 023	MEETING SUBS. AND TRAVEL	120 000.00	127 200.00	134 832.00
744	260 026	PRINTING AND STATIONERY	50 000.00	53 000.00	56 180.00
744	260 083	TEAM BUILDING	30 000.00	31 800.00	33 708.00
744	260 097	STAFF UNIFORM	20 000.00	21 200.00	22 472.00
		HOUSING SECTOR PLAN	200 000.00	212 000.00	224 720.00
744	260 040	MUNICIPAL SYSTEM IMPROVEMENT		-	-
744	260 067	EPWP			
		Eletrification programmes	18 000 000.00		
		TOTAL GENERAL EXPENSES	20 010 000.00	2 130 600.00	2 258 436.00

Department	Account Code	Description	2015/16 BUDGET Year	2016/17 BUDGET Year +1	2017/18 Budget Year +2
		GENERAL EXPENSES			
741	260001	ADVERTISEMENTS	100 000.00	106 000.00	112 360.00
741	260046	BY-LAWS GAZETTE	50 000.00	53 000.00	56 180.00
741	260047	INFORMATION STORAGE & ARCHIVING	50 000.00	53 000.00	56 180.00
741	260005	CLEANING SERVICES	300 000.00	318 000.00	337 080.00
741	260012	ELECTRICITY	400 000.00	424 000.00	449 440.00
741	260013	ENTERTAINMENT	200 000.00	212 000.00	224 720.00
741	260018	LOOSE TOOLS	150 000.00	159 000.00	168 540.00
741	260111	LICENCE RENEWALS	250 000.00	500 000.00	500 000.00
741	260021	LEGAL COSTS	300 000.00	318 000.00	337 080.00
741	260023	MEETING SUBS. , TRAVEL & ACCOMODATION	300 000.00	318 000.00	337 080.00
741	260024	MEMBERSHIP FEES INCLUDING CONTRIBUTION TO SALGA FOR SETTING UP OF UTHUKELA REGIONAL JOB EVALUATION OFFICE	10 000.00	10 600.00	11 236.00
741	260025	POSTAGES	5 000.00	5 300.00	5 618.00
741	260026	PRINTING AND STATIONERY	300 000.00	318 000.00	337 080.00
741	260028	RECRUITMENT OF STAFF	10 000.00	10 600.00	11 236.00
741	260033	PROTECTIVE CLOTHING & STAFF UNIFORMS	50 000.00	53 000.00	56 180.00
741	260035	STUDY GRANT - STAFF BURSARIES	150 000.00	159 000.00	168 540.00
741	260038	TELEPHONE + DATA CONNECTION	800 000.00	848 000.00	898 880.00
741	260040	MUNICIPAL SYSTEM IMPROVEMENT/COMMUNICATIONS	200 000.00	400 000.00	420 000.00
741	260049	SKILLS AUDIT & WSP	-	-	-
741	260059	TRAINING AND DEVELOPMENT	300 000.00	318 000.00	337 080.00
741	260063	EMPLOYEE ASSISTANCE PROGRAMME	20 000.00	21 200.00	22 472.00
741	260066	POLICY FORMULATION & OTHER CONSULTING SERVICES	100 000.00	106 000.00	112 360.00
741	260083	TEAM BUILDING	40 000.00	42 400.00	44 944.00
741	260097	STAFF UNIFORM	-	-	-
741	260098	SALGA LEVY	1 000 000.00	870 000.00	900 000.00
741		PROMOTIONS	500000		
741		TOTAL GENERAL EXPENSES	5 585 000.00	5 623 100.00	5 904 286.00

		Social and Economic Development	2015/16	2016/17	2017/18
747			BUDGET Year	BUDGET Year +1	Budget Year +2
747	260 027	PROMOTION	300 000.00	318 000.00	337 080.00
747	260 057	OPERATION SUKUMA SAKHE	1 000 000.00	1 060 000.00	1 123 600.00
747	260 062	WARD COMMITTEES	780 000.00	780 000.00	780 000.00
747	260 068	BUDGET AND PUBLIC PARTICIPATIO/ MA	800 000.00	848 000.00	898 880.00
747	260 076	LIBRARY OUTREACH PROGRAMMES	100 000.00	106 000.00	112 360.00
747	260 093	CRIME PREVENTION AWARENESS CAMPAI	200 000.00	212 000.00	224 720.00
747	260 096	ROAD SAFETY	-	-	-
		MUNICIPAL DEMARCATION TRANSITION	1 860 000.00		
747	400 155	LIBRARY	707 000.00	749 420.00	794 385.20
		CYBER CADET	170 000.00	180 200.00	191 012.00
		ANNUAL LICENSE FEES	-	-	-
747	260 011	DISASTER FUNDS	1 000 000.00	1 060 000.00	1 123 600.00
747	260 014	FEES UDTM/PAUPER BURIAL	350 000.00	371 000.00	393 260.00
747	260 016	HIV AIDS AWARENESS	200 000.00	212 000.00	224 720.00
747	260 019	KWANALOGA GAMES	600 000.00	636 000.00	674 160.00
747	260 031	SCHOOL SUPPORT	250 000.00	265 000.00	280 900.00
747	260 042	YOUTH DEVELOPMENT FUND	400 000.00	424 000.00	449 440.00
		SCHOOL SPORT ACTIVITIES	200 000.00	212 000.00	224 720.00
747	260 056	MAYORAL CUP	350 000.00	371 000.00	393 260.00
747	260 058	HERITAGE PROGRAMME	200 000.00	212 000.00	224 720.00
747	260 060	GIS	-	-	-
747	260 072	ART AND CULTURE PROGRAMME	200 000.00	212 000.00	224 720.00
747	260 077	IDP	-	-	-
747	260 078	LUNCHEON CLUBS PROGRAMMES	200 000.00	212 000.00	224 720.00
747	260 079	MUNICIPAL FACILITIES MANAGEMEN	800 000.00	848 000.00	898 880.00
747	260 080	MAP BOOK	-	-	-
747	260 084	CAREER EXHIBITION	200 000.00	212 000.00	224 720.00
747	260 085	NGO'S SUPPORT	200 000.00	212 000.00	224 720.00
747	260 086	COMMUNITY OUTREACH	300 000.00	318 000.00	337 080.00
747	260 088	PEOPLE LIVING WITH DISABILITIE	200 000.00	212 000.00	224 720.00
		SECTOR PLANS	-	-	-
		LUMS	-	-	-
		FIRE FIGHTING	200 000.00	212 000.00	224 720.00
747	260 094	SPORTS DEVELOPMENT	200 000.00	212 000.00	224 720.00
747	260 020	LED FUNDS	-	-	-
747	260 081	TOURISM AWARENESS	200 000.00	212 000.00	224 720.00
747	260 089	POVERTY ALLEVIATION	200 000.00	212 000.00	224 720.00
747	260 091	FARMERS DAYEVENT	200 000.00	212 000.00	224 720.00
		MAIZE INPUT	1 000 000.00	1 060 000.00	1 123 600.00
		SEEDS AND SEEDLINGS	200 000.00	212 000.00	224 720.00
		FOOD FOR WASTE	850 000.00	901 000.00	955 060.00
747	260 067	EPWP	1 409 000.00	1 493 540.00	1 583 152.40
		GOATS PROJECTS	200 000.00	212 000.00	224 720.00
		MAYORAL IZIMBIZO	-	-	-
747	260 013	ENTERTAINMENT	50 000.00	53 000.00	56 180.00
747	260 023	MEETING SUBS. AND TRAVEL	600 000.00	633 000.00	617 980.00
747	260 024	MEMBERSHIP FEES	5 000.00	5 300.00	5 618.00
747	260 026	PRINTING AND STATIONERY	100 000.00	106 000.00	112 360.00
747	260 083	TEAM BUILDING	70 000.00	74 200.00	78 652.00
747	260 097	STAFF UNIFORM	100 000.00	106 000.00	112 360.00
		CLIMATE CHANGE AWARENESS	100 000.00	106 000.00	112 360.00
		BACK TO SCHOOL CAMPAIGN	200 000.00	212 000.00	224 720.00
747	260 004	BOOKS AND PUBLICATIONS			
747	260 040	MUNICIPAL SYSTEM IMPROVEMENT	200 000.00	212 000.00	224 720.00
747	260 074	SMALL TOWN DEVELOPMENT	-	-	-
747	260 092	GENDER ISSUES PROGRAMME	200 000.00	212 000.00	67 224 720.00
747	260 095	WASTE MANAGEMENT PLAN	-	-	-
		WOMAN DEVELOPMENT FUND	200 000.00	212 000.00	224 720.00
747		COMMUNITY GARDENS FENCING	200 000.00	212 000.00	224 720.00
		DISASTER MANAGEMENT CAMPAIGNS AN	200 000.00	212 000.00	224 720.00
		MUNICIPAL FACILITIES MANAGEMENT	-	-	-

KZN236 Imbabazane - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury office	Vote 3 - Waste / Refuse Management	Vote 4 - Community and Social service	Vote 5 - Corporate services	Vote 6 - Public safety	Vote 7 - Housing	Vote 8 - Sports and recreation	Vote 9 - Technical and Planning	Vote 10 - Road transport	Vote 11 - Environmental Protection	Vote 12 - Health	Vote 13 - Markets	Vote 14 - Tourism	Vote 15 - Waste Water Management	Total
R thousand	1																
Revenue By Source																	
Property rates			14 060														14 060
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment					72												72
Interest earned - external investments			2 150														2 150
Interest earned - outstanding debtors			800														800
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services					4												-
Other revenue			61														61
Transfers recognised - operational		14 185	21 079		28 326	12 817				34 833							111 240
Gains on disposal of PPE			60														60
Total Revenue (excluding capital transfers and contributions)		14 185	38 210	-	28 402	12 817	-	-	-	34 833	-	-	-	-	-	-	128 447
Expenditure By Type																	
Employee related costs		2 673	5 919		13 791	7 739				4 840							34 963
Remuneration of councillors		6 688															6 688
Debt impairment			750														750
Depreciation & asset impairment			7 500														7 500
Finance charges			50														50
Bulk purchases																	-
Other materials			200		50	1 180				5 300							6 730
Contracted services						300											300
Transfers and grants																	-
Other expenditure		3 522	10 510		21 591	5 585				23 763							64 971
Loss on disposal of PPE																	-
Total Expenditure		12 883	24 929	-	35 432	14 804	-	-	-	33 903	-	-	-	-	-	-	121 952
Surplus/(Deficit)		1 302	13 281	-	(7 030)	(1 987)	-	-	-	929	-	-	-	-	-	-	6 495
Transfers recognised - capital																	-
Contributions recognised - capital										23 451							23 451
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		1 302	13 281	-	(7 030)	(1 987)	-	-	-	24 380	-	-	-	-	-	-	29 945

KZN236 Imbabazane Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	31 936	46 087	49 265	27 294	30 212	30 212	30 212	17 211	31 477	31 477
Cash + investments at the yr end less applications - R'000	18(1)b	2	23 398	38 670	41 743	46 360	38 707	38 707	38 707	20 437	35 365	-
Cash year end/monthly employee/supplier payments	18(1)b	3	10.7	13.4	12.0	6.1	6.0	6.0	6.0	-	5.3	-
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	31 994	36 005	25 506	2 908	7 725	7 725	7 726	29 945	46 310	-
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	25.8%	9.0%	(1.0%)	(4.9%)	(6.0%)	(6.0%)	76.3%	(10.6%)	(106.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	65.7%	71.5%	55.4%	77.6%	173.8%	173.8%	173.8%	88.2%	75.4%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	3.9%	11.0%	9.9%	9.9%	9.9%	5.3%	5.9%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	93.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	39.2%	67.9%	(71.8%)	45.1%	0.0%	0.0%	225.5%	(14.8%)	(100.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.1%	4.2%	5.1%	5.7%	8.1%	8.1%	4.3%	3.2%	3.7%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	84.3%	37.9%	22.6%	46.4%	45.7%	45.7%	0.0%	0.0%	0.0%	0.0%

KZN236 Imbabazane - Supporting Table SA11 Property rates summary

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Valuation:	1									
Date of valuation:		/2009	2009							
Financial year valuation used		yes	Yes							
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes					Yes		
Municipal/assistant valuer appointed? (Y/N)		No	N					No		
Municipal partnership s38 used? (Y/N)		0	-		0			0	0	0
No. of assistant valuers (FTE)	3	-								
No. of data collectors (FTE)	3	-								
No. of internal valuers (FTE)	3	-	1	1	1			1	1	1
No. of external valuers (FTE)	3	1	-							
No. of additional valuers (FTE)	4	-	Yes	YES	YES			YES	YES	YES
Valuation appeal board established? (Y/N)		Yes	Yes	Yes				Yes		
Implementation time of new valuation roll (mths)		2011 July	01 JULY 2011	01 JULY 2012				01 JULY 2014		
No. of properties	5	-			564	564	546	564	564	564
No. of sectional title values	5	-								
No. of unreasonably difficult properties s7(2)		1	1	1	-			-	-	-
No. of supplementary valuations		5	5	1	-			-	-	-
No. of valuation roll amendments		-	-	-	-			-	-	-
No. of objections by rate payers		-	-	-	-			-	-	-
No. of appeals by rate payers		-	-	-	-			-	-	-
No. of successful objections	8	-	-	-	-			-	-	-
No. of successful objections > 10%	8	1	1	1	1			-	-	-
Supplementary valuation		5	5	-	-			-	-	-
Public service infrastructure value (Rm)	5	-	0		17			17	17	17
Municipality owned property value (Rm)					8			8	8	8
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)					5			5	5	5
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)					0			0	0	0
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		-	-	-	5	-	-	5	5	5
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5				1 404			1 404	1 404	1 404
Rating:										
Residential rate used to determine rate for other categories? (Y/N)			No	No				Yes		
Differential rates used? (Y/N)	5		Yes	Yes				Yes		
Limit on annual rate increase (s20)? (Y/N)			Yes	Yes	Yes			Yes	Yes	Yes
Special rating area used? (Y/N)			No	No				No		
Phasing-in properties s21 (number)			25%	0%	0%			0%	0%	0%
Rates policy accompanying budget? (Y/N)			Yes	Yes				Yes		
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)			0.0%	0.0%				14.0%		
Rate revenue:										
Rate revenue budget (R '000)	6		4 792	6 316	7 263			7 627	9 010	10 512
Rate revenue expected to collect (R'000)	6		3 107	4 207	5 447			6 102	7 208	8 410
Expected cash collection rate (%)			65.0%	67.0%	75.0%			80.0%	80.0%	80.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)			2 156	2 725	3 500			3 700	3 922	4 157
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)			8	329	10 895			11 441	11 012	10 512
Phase-in reductions/discounts (R'000)										
Total rebates, exemptns, reductns, discs (R'000)		-	2 164	3 053	14 395	-	-	15 141	14 934	14 669

KZN236 Imbabazane - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council														-	-	-
Vote 2 - Budget and Treasury office														-	-	-
Vote 3 - Waste / Refuse Management														-	-	-
Vote 4 - Community and Social service														-	-	-
Vote 5 - Corporate services														-	-	-
Vote 6 - Public safety														-	-	-
Vote 7 - Housing														-	-	-
Vote 8 - Sports and recreation														-	-	-
Vote 9 - Technical and Planning development														-	-	-
Vote 10 - Road transport														-	-	-
Vote 11 - Environmental Protection														-	-	-
Vote 12 - Health														-	-	-
Vote 13 - Markets														-	-	-
Vote 14 - Tourism														-	-	-
Vote 15 - Waste Water Management														-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		138	138	138	138	138	138	138	138	138	138	138	138	1 660	170	-
Vote 2 - Budget and Treasury office					40				40					80	85	-
Vote 3 - Waste / Refuse Management																-
Vote 4 - Community and Social service						148							0	148	4 798	-
Vote 5 - Corporate services		170												170	880	-
Vote 6 - Public safety																-
Vote 7 - Housing																-
Vote 8 - Sports and recreation																-
Vote 9 - Technical and Planning development		1 905	1 905	1 905	1 905	1 905	1 905	1 905	1 905	1 905	1 905	1 905	1 905	22 863	2 080	-
Vote 10 - Road transport		3 340	3 116	2 204	2 014	1 230	1 043	1 220	2 244	1 845	1 681	1 796	1 718	23 451	29 909	-
Vote 11 - Environmental Protection																-
Vote 12 - Health																-
Vote 13 - Markets																-
Vote 14 - Tourism																-
Vote 15 - Waste Water Management																-
Capital single-year expenditure sub-total	2	5 553	5 160	4 248	4 098	3 421	3 087	3 264	4 328	3 888	3 724	3 840	3 762	48 372	37 921	-
Total Capital Expenditure	2	5 553	5 160	4 248	4 098	3 421	3 087	3 264	4 328	3 888	3 724	3 840	3 762	48 372	37 921	-

KZN236 Imbabazane - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Capital Expenditure - Standard	1															
Governance and administration		308	138	138	178	138	138	138	178	138	138	138	138	1 910	1 134	-
Executive and council		138	138	138	138	138	138	138	138	138	138	138	138	1 660	170	-
Budget and treasury office					40				40					80	85	-
Corporate services		170												170	880	-
Community and public safety		-	-	-	-	148	-	-	-	-	-	-	0	148	4 798	-
Community and social services						148							0	148	4 798	-
Sport and recreation																-
Public safety																-
Housing																-
Health																-
Economic and environmental services		5 245	5 021	4 109	3 919	3 135	2 948	3 126	4 149	3 750	3 586	3 701	3 623	46 313	31 989	-
Planning and development		5 245	5 021	4 109	3 919	3 135	2 948	3 126	4 149	3 750	3 586	3 701	3 623	46 313	31 989	-
Road transport																-
Environmental protection																-
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity																-
Water																-
Waste water management																-
Waste management																-
Other																-
Total Capital Expenditure - Standard	2	5 553	5 160	4 248	4 098	3 421	3 087	3 264	4 328	3 888	3 724	3 840	3 762	48 372	37 921	-
Funded by:																
National Government		3 340	3 116	2 204	2 014	1 230	1 043	1 220	2 244	1 845	1 681	1 796	1 807	23 539	23 709	-
Provincial Government																-
District Municipality																-
Other transfers and grants																-
Transfers recognised - capital		3 340	3 116	2 204	2 014	1 230	1 043	1 220	2 244	1 845	1 681	1 796	1 807	23 539	23 709	-
Public contributions & donations																-
Borrowing																-
Internally generated funds		2 214	2 044	2 044	2 084	2 192	2 044	2 044	2 084	2 044	2 044	2 044	1 955	24 833	14 212	-
Total Capital Funding		5 553	5 160	4 248	4 098	3 421	3 087	3 264	4 328	3 888	3 724	3 840	3 762	48 372	37 921	-

KZN236 Imbabazane - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Capital expenditure on new assets by Asset Class/Sub-class												
Infrastructure				-	3 146	4 381	-	-	-	23 451	23 709	-
Infrastructure - Road transport				-	-	4 381	-	-	-	23 451	23 709	-
Roads, Pavements & Bridges						4 381				23 451	23 709	
Storm water												
Infrastructure - Electricity				-	-	-	-	-	-	-	-	-
Generation												
Transmission & Reticulation												
Street Lighting												
Infrastructure - Water				-	-	-	-	-	-	-	-	-
Dams & Reservoirs												
Water purification												
Reticulation												
Infrastructure - Sanitation				-	-	-	-	-	-	-	-	-
Reticulation												
Sewerage purification												
Infrastructure - Other				-	3 146	-	-	-	-	-	-	-
Waste Management												
Transportation												
Gas												
Other												
Community				-	6 500	13 567	9 770	9 770	9 770	88	88	-
Parks & gardens												
Sportsfields & stadia						2 371						
Swimming pools												
Community halls						11 196	9 770	9 770	9 770	88	88	
Libraries												
Recreational facilities												
Fire, safety & emergency												
Security and policing												
Buses												
Clinics												
Museums & Art Galleries												
Cemeteries												
Social rental housing												
Other						6 500						
Heritage assets				-	-	-	-	-	-	-	-	-
Buildings												
Other												
Investment properties				-	-	-	-	-	-	-	-	-
Housing development												
Other												
Other assets				2 812	5 690	1 119	5 168	5 738	5 738	24 833	14 124	-
General vehicles				743			1 500	2 503	2 503	1 500	1 200	
Specialised vehicles				-	-	-	-	-	-	-	-	-
Plant & equipment				1 003	36		2 500	1 500	1 500	2 500	1 500	
Computers - hardware/equipment							280	451	451	350	288	
Furniture and other office equipment				251	626		525	527	527	175	286	
Abattoirs												
Markets												
Civic Land and Buildings						1 119				288	-	
Other Buildings				236	4 900		363	363	363			
Other Land												
Surplus Assets - (Investment or Inventory)												
Other				580	128			394	394	20 020	10 850	
Agricultural assets				-	-	-	-	-	-	-	-	-
List sub-class												
Biological assets				-	-	-	-	-	-	-	-	-
List sub-class												
Intangibles				82	87	-	600	450	450	-	-	-
Computers - software & programming				82	87		300	300	300			
Other (list sub-class)							300	150	150			
Total Capital Expenditure on new assets			1	2 894	15 422	19 067	15 538	15 958	15 958	48 372	37 921	

KZN236 Imbabazane - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			1 355	–	2 143	2 950	4 039	4 039	2 500	2 650	–
Infrastructure - Road transport			1 355	–	2 143	2 950	4 039	4 039	2 500	2 650	–
Roads, Pavements & Bridges			1 355		2 143	2 950	4 039	4 039	2 500	2 650	
Storm water											
Infrastructure - Electricity			–	–	–	–	–	–	–	–	–
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water			–	–	–	–	–	–	–	–	–
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation			–	–	–	–	–	–	–	–	–
Reticulation											
Sewerage purification											
Infrastructure - Other			–	–	–	–	–	–	–	–	–
Waste Management											
Transportation	2										
Gas											
Other	3										
Community			248	–	–	1 150	1 150	1 150	–	–	–
Parks & gardens											
Sportsfields & stadia						650	650	650			
Swimming pools											
Community halls			248			500	500	500			
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses	7										
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing	8										
Other											
Heritage assets			–	–	–	–	–	–	–	–	–
Buildings											
Other	9										
Investment properties			–	–	–	–	–	–	–	–	–
Housing development											
Other											
Other assets			1 045	–	1 634	3 000	4 524	4 524	2 730	4 484	–
General vehicles			346		–	500	1 275	1 275			
Specialised vehicles			–	–	–	–	–	–	–	–	–
Plant & equipment			350		1 105	1 100	1 200	1 200	1 300	1 378	
Computers - hardware/equipment						100	70	70			
Furniture and other office equipment			18			150	50	50			
Abattoirs											
Markets											
Civic Land and Buildings					–				1 000	1 060	
Other Buildings			331			750	1 629	1 629			
Other Land											
Surplus Assets - (Investment or Inventory)											
Other					529	400	300	300	430	2 046	
Agricultural assets			–	–	–	–	–	–	–	–	–
List sub-class											
Biological assets			–	–	–	–	–	–	–	–	–
List sub-class											
Intangibles			–	3 589	1 231	50	50	50	–	–	–
Computers - software & programming											
Other (list sub-class)				3 589	1 231	50	50	50			
Total Repairs and Maintenance Expenditure	1		2 647	3 589	5 008	7 150	9 763	9 763	5 230	7 134	–

KZN236 Imbabazane - Supporting Table SA34d Depreciation by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		2 680	3 564	5 068	3 935	3 935	–	5 605	–	–
Infrastructure - Road transport		2 680	3 564	5 068	3 935	3 935	–	5 605	–	–
Roads, Pavements & Bridges		2 680	3 564	5 068	3 935	3 935		5 605		
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		323	325	458	648	648	–	506	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls		323	325	458	648	648		506		
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		80	82	82	80	80	–	67	–	–
Housing development										
Other		80	82	82	80	80		67		
Other assets		1 790	731	418	1 813	2 576	–	1 229	–	–
General vehicles		485	(282)	(419)	300	300				
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment		483	540	144	560	560				
Computers - hardware/equipment										
Furniture and other office equipment		379	18	176	329	329				
Abattoirs					–					
Markets					–					
Civic Land and Buildings					–					
Other Buildings		309	412	214	483	483				
Other Land					–					
Surplus Assets - (Investment or Inventory)					–					
Other		133	43	304	141	904		1 229		
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		18	32	206	145	145	–	93	–	–
Computers - software & programming										
Other (list sub-class)		18	32	206	145	145		93		
Total Depreciation	1	4 891	4 733	6 231	6 621	7 384	–	7 500	–	–

KZN236 Imbabazane - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
Capital expenditure	1							
Vote 1 - Executive and Council		1 660	170	-	N/A			
Vote 2 - Budget and Treasury office		80	85	-				
Vote 3 - Waste / Refuse Management		-	-	-				
Vote 4 - Community and Social service		148	4 798	-				
Vote 5 - Corporate services		170	880	-				
Vote 6 - Public safety		-	-	-				
Vote 7 - Housing		-	-	-				
Vote 8 - Sports and recreation		-	-	-				
Vote 9 - Technical and Planning development		22 863	2 080	-				
Vote 10 - Road transport		23 451	29 909	-				
Vote 11 - Environmental Protection		-	-	-				
Vote 12 - Health		-	-	-				
Vote 13 - Markets		-	-	-				
Vote 14 - Tourism		-	-	-				
Vote 15 - Waste Water Management		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		48 372	37 921	-	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and Council					N/A			
Vote 2 - Budget and Treasury office								
Vote 3 - Waste / Refuse Management								
Vote 4 - Community and Social service								
Vote 5 - Corporate services								
Vote 6 - Public safety								
Vote 7 - Housing								
Vote 8 - Sports and recreation								
Vote 9 - Technical and Planning development								
Vote 10 - Road transport								
Vote 11 - Environmental Protection								
Vote 12 - Health								
Vote 13 - Markets								
Vote 14 - Tourism								
Vote 15 - Waste Water Management								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		48 372	37 921	-	-	-	-	-

IMBABAZANE MUNICIPALITY

“The Municipality”



BUDGET POLICY

INDEX

	Page No.
1. Definitions	3
2. Introduction 5	
3. Objective of the Policy	5
4. Budgeting Principles to be Followed 5	
5. Roles and Responsibilities	10
6. Compliance Enforcement 14	
7. Effective date 14	
8. Policy Approval	14
9. Annexure: Legal Requirements	15

1. DEFINITIONS

1.1 In this Policy, unless the context indicates otherwise, the following definitions are applied:-

“Accounting Officer” in relation to Imbabazane Local Municipality, means the Municipal Manager;

“Chief Financial Officer” means the Chief Financial Officer of Imbabazane Local Municipality, a person designated in terms of section 80(2)(a) of the Local Government: Municipal Finance Management Act, 56 of 2003;

“Council” refers to the Council of Imbabazane Local Municipality

“National Treasury” means the National Treasury established by section 5 of the Public Finance Management Act;

“Councillor” means the member of the Municipal Council;

“Municipality” means Imbabazane Local Municipality;

“Debt” means-

- a) the monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or
- b) the contingent liability such as that created by guaranteeing the monetary liability or obligation of another.

2. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the Municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the Mayor of the Municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

3. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out the budgeting principles which the Municipality must follow in preparing each Medium Term Revenue and Expenditure Framework (MTREF) budget, as well as the responsibilities of the Mayor, of the Accounting Officer and the Chief Financial Officer in compiling the budget.

4. BUDGETING PRINCIPLES TO BE FOLLOWED

- a.** Except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year, the annual capital budget shall be prepared from a zero base.
- b.** The capital budget component of the annual or adjustments budget shall only be approved by the Council if it has been properly balanced, that is, if the sources of

finance which are realistically envisaged to fund the budget equal the proposed capital expenses.

- c.** Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and any other ordinary operational expenses associated with any item on such capital budget. In addition, the Council shall consider the likely impact of such operation expenses (net of any revenues expected to be generated by such item) on future service charges.
- d.** The Municipality shall for the purposes of each annual budget be guided by the Integrated Development Plan (IDP) to establish an asset financing reserve for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following sources of revenue:

 - 4.4.1 Inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - 4.4.2 Interest on the investments of the asset financing reserve, appropriated in terms of the banking, cash management and investments policy;
 - 4.4.3 Further amounts appropriated as contributions in each annual or adjustments budget; and
 - 4.4.4 Net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.
- e.** Each annual and adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.
- f.** Any inappropriate surplus from previous financial years, even if fully cash backed, shall not be used to balance any annual or adjustments budget. When deemed necessary by Council and should the inappropriate surplus be sufficient, the Council may transfer from the inappropriate surplus to any fund providing for the financing of capital assets.

- g.** An impending operating deficit shall be made good in an adjustments budget, but if an operating deficit arises at the end of a financial year, notwithstanding the precautionary measures adopted by the Council, such deficit shall immediately be made good in the annual or adjustments budget for the ensuing financial year. However depending on the circumstances the operating deficit may offset against any inappropriate surplus carried forward from preceding financial years but only after being approved by the Council.
- h.** The Municipality shall establish and maintain a provision for accrued leave entitlement equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- i.** The Municipality shall establish and maintain a provision for bad debts and shall budget appropriately for contributions to such provision in each annual and adjustments budget. The contribution to bad debts in each annual and adjustment budget must be at least equal to the non-payment rate of debtors, less the debtors that have entered into payment arrangement, at the time the budget is being compiled. This is to ensure that the Municipality has sufficient cash flow to meet all its budgeted commitments for the financial year.
- j.** The Municipality shall establish and maintain a provision for the obsolescence and deterioration of stock in accordance with its stores management policy, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- k.** All expenses, including depreciation expenses, shall be cash-funded. The cash received in respect of depreciation expenses on fixed assets financed from external borrowings shall be transferred to the investments created to redeem such borrowings

- l.** Finance charges on loans payable by the municipality shall be apportioned between departments or votes on the basis of the departments using such fixed assets financed from the loans.
- m.** Depreciation and finance charges shall be budgeted for in the operating budget component of each annual or adjustments budget and shall comply with rates determined in the budget circulars that are issued by National Treasury from time to time.
- n.** The allocation of interest earned on the Municipality's investments shall be budgeted for in terms of the banking, cash management and investments policy.
- o.** The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management policy. The percentage or criteria for determining the budget for the maintenance of fixed assets shall be in terms of the budget circulars that are issued by National Treasury from time to time.
- p.** In the preparation of the draft operating budget component of the annual budget, the allowable budgetary increment shall relate to the total amount provided for each budget vote, and the Chief Financial Officer and Heads of Departments concerned shall have the right to allocate the total budgeted amount to the line-items within such vote, except in so far as the line-item provisions relating to matters determined by the Chief Financial Officer in terms of the Municipality's approved policies and contractual and statutory commitments (for example, depreciation charges, finance charges, insurance costs, etc.).
- q.** Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time. For purposes of applying this principle, the remuneration of political office bearers and Councillors shall be excluded from this limit.

- r. Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time. For purposes of applying this principle, the remuneration of political office bearers and other Councillors shall be excluded from this limit.
- s. The Heads of Departments to which each budget vote relates shall justify the allocation of the aggregate budget for such vote to the various line-items within the vote to the Executive Committee. In justifying the allocations made to and within the vote, the Heads of Departments, service or function concerned shall provide the Municipal Manager with appropriate quarterly performance indicators and service delivery targets pertaining to the budget. Such indicators and targets shall be included in the Service Delivery and Budget Implementation Plan (SDBIP) and shall be approved by the Accounting Officer and the Mayor. Changes in the SDBIP during the financial year should be supported by the adjustments budget.
- t. When considering the draft annual budget, the Council shall consider the impact, which the proposed increases in service charges will have on the monthly municipal accounts of households in the municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because households have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the Council shall ensure that the average additional impact of such increases is in keeping with the relevant increase in the consumer price index.
- u. The adjustment budget shall only be considered to regularise situations where particular votes are going to be over or under spent. No new allocations unless specifically authorised by Council will be included in the adjustment budget.

5. ROLES AND RESPONSIBILITIES

5.1 RESPONSIBILITIES OF THE MAYOR

5.1.1 Section 21(1) of the MFMA states that the Mayor is Responsible for:

- a) Coordinating the Processes for preparing the Annual Budget and reviewing the Integrated Development Plan(IDP) and Budget Related Policies;
- b) At least 10 months before the start of the Budget year, table the Time Schedule outlining the Key deadlines to Council as Stipulated by Section 21(1) (b) of the MFMA.

5.1.2 Section 52 of the MFMA states that the Mayor must:

- a) Provide general political guidance over fiscal and financial affairs of the Municipality, and present the Budget to the Community of the Municipality and Consider their Input.
- b) In providing such general political guidance monitor and to the extent provided in the MFMA, oversee the exercise of responsibilities assigned in terms of the MFMA to the Accounting Officer and The Chief Financial Officer, but may not interfere in the exercise of those responsibilities.
- c) Take all responsible steps to ensure that the Municipality performs its constitutional and statutory functions within the limits of the Municipality's approved Budget.
- d) Within 30 days of the end of each quarter, submit a report to the Council on implementation of the Budget and the financial state of affairs of the Municipality and;
- e) Comply with all other subsections of under section 52 of the MFMA.

5.1.3 Provide Section 53 of the MFMA, for purpose of the Budget process and related matters, the Mayor shall comply with subsections of the above section as per MFMA.

5.1.4 Section 57 of the MFMA, the Mayor shall exercise his/her powers and functions by the MFMA in consultation with the Executive Committee.

5.2 RESPONSIBILITIES OF THE ACCOUNTING OFFICER

5.2.1 The Accounting Officer shall be responsible for the following functions in terms of Section 68 of the MFMA

- a) Assist the Mayor in performing the budgetary functions assigned to the Mayor in terms of chapter 4 and chapter 7 of the MFMA.
- b) Provide the Mayor with the administrative support, resources and information necessary for the performance of those functions.

5.2.2 The Accounting Officer shall ensure that all heads of Departments provide the Inputs required by Chief Financial Officer for the purpose of preparing the Budget and each Head of the Departments prepare and submit to the Chief Financial Officer by January a draft Budget for his/her Department.

5.2.3 The Accounting Officer shall comply with all requirements of Section 69, 70, 71, 72,73,74,75 and 76 of the MFMA and ensuring that the operations of the Municipal Council are achieved within the Approved Budget and Financial targets and allocation of funds within the Departments.

5.3 RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

5.3.1 Without derogating in any way from the legal responsibilities of the Accounting Officer as Accounting Officer, the Chief Financial Officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking, cash management and investments policy), and shall be accountable to the Accounting Officer in regard to the performance of these functions.

5.3.2 The Accounting Officer shall ensure that all heads of departments provide the inputs required by the Chief Financial Officer into these budget processes.

- 5.3.3 The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the Mayor, Finance Committee, Executive Committee and Council.
- 5.3.4 Except where the Chief Financial Officer, with the consent of the Mayor and Accounting Officer, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be in the prescribed budget format determined by National Treasury. The operating component shall duly reflect the impact of the capital component on:
- a) Depreciation charges.
 - b) Repairs and maintenance expenses.
 - c) Interest payable on external borrowings.
 - d) Other operating expenses.
- 5.3.5 In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organisational structure of the Municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury
- 5.3.6 The Chief Financial Officer shall determine the depreciation expenses (where applicable) to be charged to each vote, the apportionment of interest payable to the appropriate votes and the contributions to the provisions for bad debts, accrued leave entitlements and obsolescence of stocks.
- 5.3.7 The Chief Financial Officer shall with the approval of the Mayor and the Accounting Officer, and having regard to the Municipality's current financial

performance, determines the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.

- 5.3.8 The Chief Financial Officer shall compile monthly budget reports comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the Chief Financial Officer with all explanations required for deviations from the budget. The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Portfolio Committee and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.
- 5.3.9 The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budgets.
- 5.3.10 The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where necessary.
- 5.3.11 The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.
- 5.3.12 The Chief Financial Officer shall determine the basis for allocating overhead expenses.
- 5.3.13 The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the

estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

5.3.14 The Chief Financial Officer must capture the adopted budget on the Municipality's financial system and lock the adopted budget to ensure that the budget reflected on the system cannot be changed at any time without following due process.

6 COMPLIANCE ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.
- b) It will be the responsibility of Chief Financial Officer to enforce compliance with this policy.

7 EFFECTIVE DATE

The Policy shall come to effect upon approval by Council of Imbabazane Local Municipality.

8 POLICY APPROVAL

This Policy has been considered and approved by the COUNCIL OF IMBABAZANE LOCAL MUNICIPALITY as follows:

Resolution No:.....

Approval Date:.....

7. ANNEXURE: LEGAL REQUIREMENTS

MUNICIPAL FINANCE MANAGEMENT ACT

Section 15 Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

- **Section 16 Annual budgets**

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

- **Section 17 Contents of annual budgets and supporting documents**

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues

and expenses for the year before the current year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by all the following documents:

- draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- draft resolutions (where applicable) amending the IDP and the budget-related policies;
- measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- the projected cash flows for the financial year by revenue sources and expenditure votes;
- any proposed amendments to the IDP;
- any proposed amendments to the budget-related policies;
- the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;
- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;
- Particulars of the municipality's investments; and
- Various information in regard to municipal entities under the shared or sole control of the municipality.

- **Section 18 Funding of expenditures**

The budget may be financed only from:

- Realistically expected revenues, based on current and previous collection levels;
- Cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- Borrowed funds in respect of the capital budget only.

- **Section 19 Capital projects**

A municipality may spend money on a capital project only if the money for the project (including the cost of any required feasibility studies) has been appropriated in the capital budget.

The total cost of the project must also be approved by the Council.

The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

-
- **Section 20 Matters to be prescribed**

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms are used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

- **Section 21 Budget preparation process**

The Mayor of the municipality must:

- Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.
- At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.
- When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
- Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
- Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.
- Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.
- Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

- **Section 22 Publication of annual budgets**

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

The Municipal Manager must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

- **Section 23 Consultations on tabled budgets**

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

- **Section 24 Approval of annual budgets**

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

- **Section 25 Failure to approve budget before start of budget year**

This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

- **Section 26 Consequences of failure to approve budget before start of budget year**

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

- **Section 27 Non-compliance with provisions of this chapter**

-

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

- **Section 28 Municipal adjustments budgets**

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.

Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- An explanation of how the adjustments affect the approved annual budget;
- Appropriate motivations for material adjustments; and
- An explanation of the impact of any increased spending on the current and future annual budgets.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

• **Section 29 Unforeseen and unavoidable expenditure**

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- The adjustments budget must be passed within sixty days after the expenses were incurred.

• **Section 30 Unspent funds**

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

- **Section 31 Shifting of funds between multi-year appropriations**

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- All the above documentation is provided to the Auditor-General.

- **Section 32 Unauthorised, irregular or fruitless and wasteful expenditure**

Unauthorised expenses may be authorised in an adjustments budget.

-
- **Section 33 Contracts having future budgetary implications**

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

- The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
- The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national

- department concerned with water, sanitation or electricity, if the contract relates to any of these services.
- The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.
 - The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

- **Section 42 Price increases of bulk resources for provision of municipal services**

National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

- The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
- At least forty days prior to the above submission the National Treasury and **organised local government must be invited to** submit written comments on the proposed increase.
- The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

- **Section 43 Applicability of tax and tariff capping on municipalities**

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

- A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
- A determination promulgated after 15 March shall not take effect before 1 July of the following year.
- A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

- **Section 53 Budget processes and related matters**

The Mayor of the municipality must:

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.
- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

- **Section 68 Budget preparation**

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

- **Section 69 Budget implementation**

The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- Revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

- **Section 70 Impending shortfalls, overspending and overdrafts**

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

- **Section 71 Monthly budget statements**

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- Projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document.

- **Section 54 Budgetary control and early identification of financial problems**

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
- submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- Alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

-
- **Section 55 Report to provincial executive if conditions for provincial intervention exist**

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

- **Section 72 Mid-year budget and performance assessment**

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

In terms of Section 54(1) (f) the Mayor must promptly submit this assessment report to the Council of the municipality.

Section 73 Reports on failure to adopt or implement budget-related and other policies

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with any such policy.

-
- **Section 75 Information to be placed on websites of municipalities**

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;

- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;
- all long-term borrowing contracts;
- All quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

Section 80 Establishment (of municipal budget and treasury office)

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

- **Section 81 Role of Chief Financial Officer**

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- Account to the Municipal Manager for the performance of all the foregoing responsibilities.

- **Section 83 Competency levels of professional financial officials**

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

SUMMARISED TIMETABLE

NOTE: DATES IN BRACKETS ARE PUTATIVE

FINAL DATE	ACTION BY MUNICIPALITY
31 August	Table in council timetable for preparation of coming year's annual budget
25 January	Assess current year's budget performance
31 January	Table assessment report in council
(31 January)	Consider municipal entity's proposed budget for coming year and make recommendations
(31 January or earlier)	Table municipal entity's adjustments budget for coming year
(Between 31 January and 31 March)	Table municipality's adjustments budget for current year and changes to service delivery targets and KPIs
(Between 31 January and 31 March)	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year
31 March	Table municipality's draft budget for coming year
31 March	Table municipal entity's revised budget for coming year
Immediately after 31 March	Make public draft budget for coming year and invite submissions from community, provincial treasury and others
Before 31 May	Respond to submissions and revise draft budget for coming year
31 May	Consider approval of budget for coming year and attendant resolutions

30 June	Budget for coming year and attendant resolutions must be approved by 30 June. Approved budget of entity must be tabled.
Early June to early July: immediately after budget approved	Submit budget to national treasury and provincial treasury
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan
Late June to late July: 28 days after budget approved	Conclude performance agreements
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements

• DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for - preparation, tabling and approval of annual budget - annual review of IDP - annual review of budget-related policies - tabling and adoption of any amendments to IDP and budget-related policies - any consultative processes forming part of foregoing	Mayor
54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor
72(1), (2) and (3)	25 January	Accounting officer of municipality must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury (presumably immediately).	Accounting Officer

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical consequences
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces “serious financial problems” mayor must “promptly” respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).	Mayor	Adjustments accounting of the Mayor “w... so prepared a... limits as to tim... material adjust... revenues are... “serious finan... general, adjust... preferably be... possible after... later than 31... budget for the
54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are “promptly” made public. (Note that no concomitant revision of performance agreements is evidently envisaged).	Mayor	Presumably t... these revision... part of the pro... budget. The... must be by o... January, but... March. See a
Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible	

16(2)	31 March	Mayor must table (draft) annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after (draft) annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connexion with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.	Accounting
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on (draft) annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and C
24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing rates and levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each vote, approving any changes to IDP, and approving any changes to budget-related policies.	Council

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Pr
---	---	------------------------	--------------------------	-----------

16(1)	30 June	Annual budget must be approved by council	Council	
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting Officer	No act the spe Co

				sub soc dat
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council	As not cou mu obs ren
69(3)(a) and (b)	14 days after approval of annual budget (mid June to mid July)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting Officer	

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
53(1)(c)(ii)	Within 28 days after date annual budget approved (late June to late July)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter. (Note that though the mayor approves these targets and KPIs, only the council may change them and then only following the approval of an adjustments budget. See Section 54(1)(c)).	Mayor
53(1)(c)(iii)(aa) & (bb)	Within 28 days after date annual budget approved (late June to late	Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives	Mayor

	July)	approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	
Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party
53(3)(a) and (b)	14 days after approval of service delivery and budget implementation plan (mid July to mid August, depending on date plan approved)	Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Mayor

“M

IMBABAZANE LOCAL MUNICIPALITY
(“The Municipality”)



BANKING, CASH MANAGEMENT AND INVESTMENT
POLICY

INDEX

Page No.

1. Definitions	3
2. Legal Compliance	6
3. Scope of the Policy	6
4. Objective of the Policy	6
5. Effective Cash Management	7
6. Investment Ethics	9
7. Investment Principles	
10	
8. General Investment Practice	
11	
9. Investment Procedures and Reporting	
12	
10. Control Over Investments	
15	
11. Other External Investments	
15	
12. Banking Arrangements	
16	
13. Interest on Investments	
17	
14. Compliance and Enforcement	
18	
15. Effective Date	
18	
16. Policy Adoption	
18	

ANNEXURES

Annexure I: Paraphrase of Requirements of Municipal Finance	
19	
Management Act No. 56 Of 2003	

1. DEFINITIONS

In this policy, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the Municipal Finance Management Act (MFMA) No. 56 of 2003, has the same meaning.

“accounting officer”	means the municipal manager of a municipality for the purposes of this policy in relation to a municipality, and includes a person acting as the accounting officer;
“Auditor-General”	means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person as acting as Auditor-General, designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General;
“chief financial officer”	means a person designated in terms of section 80(2) (a) of the MFMA;
“creditor”	in relation to a municipality, means a person to whom money is owing by the municipality;
“debt”	means a monetary liability or obligation created by a financing agreement, bond or overdraft, or by the issuance of municipal debt instruments; or a contingent liability such as that created by guaranteeing a monetary liability;
“debt agreement”	means any loan agreement under which a municipality undertakes to repay a long-term debt over a period of time;
“financial year”	means a year ending on 30 June;
“Investee”	means an institution with which an investment is placed or its agent;

“investment”	in relation to funds of a municipality, means- a) the placing on deposit of funds of a municipality with a financial institution; b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;
“lender”	in relation to a municipality, means a person who provides debt finance to a municipality;
“long-term debt”	means debt repayable over a period exceeding one year;
“Long-term investments”	means any cash or liquid securities owned by a Municipality which have a maturity date, and/or callable date reasonably expected to be exercised, that is greater than one year;
“month”	means one of the 12 months of a calendar year;
“municipal council”	means the council of Imbabazane Local Municipality;
“municipal entity”	has the meaning assigned to it in section 1 of the Municipal Systems Act;
“municipality”	means Imbabazane Local Municipality;
“municipal manager”	means a person appointed as the accounting officer of the municipality;
“Municipal Systems Act”	means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
“primary bank account”	means the main bank account referred to in section 8(1) of the MFMA;

“short-term debt” means debt repayable over a period not exceeding one year;

“Short-term investments” means any cash or liquid securities owned by the municipality which is having a maturity date and/or callable date reasonably expected to be exercised, that is equal to or less than one year.

2. LEGAL COMPLIANCE

The Municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003. A paraphrase of the provisions of this Act is attached as Annexure I to this policy.

3. SCOPE OF THE POLICY

This Policy applies to Imbabazane Municipality and any municipal entity established by the Municipality under its area of jurisdiction in terms of the Act. It addresses all principles and processes involved in cash management and investments.

4. OBJECTIVE OF POLICY

3.1 The Council of the Municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the Municipality's cash resources are managed effectively and efficiently, and in a manner which will ensure that sufficient cash resources are available to finance the capital and operating budgets of the Municipality.

3.2 The Council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

3.3 The investment policy of the Municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the Municipality's cash management programme, which must identify the amounts surplus to the Municipality's needs, as well as the time when and period for which such revenues are surplus. To ensure investments that will provide reasonable returns for the Municipality:

- a) The Municipality shall take all reasonable and prudent steps, consistent with its investment policy and according to the standard of care as prescribed in its investment policy, to diversify its investment portfolio across institutions, types of investments and investment maturities.

- b) The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.
- c) The investment portfolio shall be designed with the objective of attaining a maximum rate of return subject to the investment risk constraints and liquidity requirements of the Municipality.

5. EFFECTIVE CASH MANAGEMENT

4.1 Cash Collection

- a) All monies due to the Municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. The bank reconciliation should be prepared on a daily basis. Every month end it must reflect agreeing balances between the balances as per bank statement and that arrived at by the Municipality in its bank account in terms of Bank and Cash, as per the Municipal GRAP Manuals. Prepared bank reconciliations must be reviewed by the Chief Financial Officer within five (5) days after the end of each month. The Chief Financial Officer must investigate any irregularities and report them to the Accounting Officer. The respective responsibilities of the Chief Financial Officer and other Heads of Departments in this regard is defined in a code of financial practice approved by the Municipal Manager and the Chief Financial Officer, and this code of practice is attached as Annexure II to this policy.
- b) The support of and commitment to the Municipality's Credit Control policy, both by the Council and the Municipality's officials, is an integral part of proper cash collections, and by approving the present policy the Council pledges itself to such support and commitment.

4.2 Payments to Creditors

- a) The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the Municipality stipulate payment terms favourable to the Municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the Municipality. This rule shall be

departed from only where there are financial incentives for the Municipality to effect earlier payment, and any such departure shall be approved by the Chief Financial Officer before any payment is made.

- b) In the case of Small, Micro and Medium Enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen (14) days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.
- c) Notwithstanding the foregoing policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the Chief Financial Officer determines that there are financial incentives for the Municipality to do so.
- d) The Chief Financial Officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques.
- e) Special payments to creditors shall only be made with the express approval of the Chief Financial Officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

4.3 Management of Inventory

- a) Each Head of Department shall ensure that such Department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.
- b) Each Head of Department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the Chief Financial Officer for sale at a public auction or by other means of disposal, as provided for in the Municipality's Supply Chain Management policy.

4.4 Cash Management Programme

- a) The Chief Financial Officer shall prepare an annual estimate of the Municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either Long-term or Short-term debt must be incurred. Heads of Departments shall in this regard furnish the Chief Financial Officer with all such information as is required, timeously and in the format indicated.
- b) The Chief Financial Officer shall report to the Executive Committee, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.
- c) The cash flow estimates shall be divided into calendar months, and in reporting the Chief Financial Officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the Municipality's investments, together with appropriate details of the investments concerned.

6. INVESTMENT ETHICS

6.1 The Chief Financial Officer shall be responsible for investing the surplus revenues of the Municipality, and shall manage such investments in consultation with the Accounting Officer or Chairperson of the Executive Committee, as the case may be, and in compliance with any policy directives formulated by the Council and prescriptions made by the Minister of Finance.

6.2 In making such investments the Chief Financial Officer, shall at all times have only the best considerations of the Municipality in mind, and, except for the outcome of the consultation process with the Accounting Officer or Chairperson

of the Executive Committee shall not accede to any influence by or interference from Councillors, investment agents or institutions or any other outside parties.

6.3 Neither the Chief Financial Officer nor the Accounting Officer or Chairperson of the Executive Committee, as the case may be, may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.

7. INVESTMENT PRINCIPLES

7.1 Limiting Exposure

Where large sums of money are available for investment the Chief Financial Officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the Municipality. The Chief Financial Officer shall further ensure that, as far as it is practically and legally possible, the Municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

7.2 Risk and Return

Although the objective of the Chief Financial Officer in making investments on behalf of the Municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions as per Government Gazette No: 27431, 1 April 2005, Municipal Investment Regulations.

7.3 Payment of Commission

Every financial institution with which the Municipality makes an investment must issue a certificate to the Chief Financial Officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

7.4 Call Deposits and Fixed Deposits

- a) Before making any call or fixed deposits, the Chief Financial Officer, shall obtain quotations from at least three financial institutions. Given the volatility of the money market, the Chief Financial Officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).
- b) Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, email or any other expedient means).
- c) Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 9 below) shall be paid over only to such institution itself and not to any agent or third party.
- d) Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the Municipality.

7.5 Restriction on tenure of investments

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Accounting Officer or the Executive Committee, as the case may be.

7.6 Registered Financial Institutions

When investments are made with financial institutions, council should ensure that the institution is registered in terms of the Deposit Taking Institutions Act of 1990 and / other applicable legislation.

8. GENERAL INVESTMENT PRACTICE

8.1 Confirmation Letter

The Auditor General requires the financial institution, where the Investment is made, to issue a confirmation letter for each Investment made. This letter must state the type of Investment, account number, term of Investment, rate payable, amount and date invested and maturity date.

8.2 Reports

The Municipal Manager or delegated person must within 10 working days of the end of each month as part of section 71 report required by the act, submit to the Executive Committee of the Municipality a report describing in accordance with GRAP the investment portfolio of the Municipality as at the end of the month.

8.3 Creditworthiness

When investments are placed with smaller registered institutions, the Senior Finance Officer has to see to it that the Municipality is not exposed to too much risk. He/she has to ensure that the creditworthiness and performance of the institution are to his/her satisfaction, before investing money in the institution. The Senior Finance Officer is entitled to information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

9. INVESTMENT PROCEDURES AND REPORTING

9.1 After determining whether there is cash available for investment and fixing the maximum term of investment, the Municipal Manager must consider the way in which the investment is to be made.

9.2 Short-term Investment:

- a) The term of Investment shall not be more than 3 months
- b) Quotations must be obtained from a minimum of three financial institutions, for the term of which the funds will be invested.
- c) Should one of the institutions offer a better rate for a term, other than the term originally quoted for, the other institutions which were approached, must also be asked to quote a rate for the other term.
- d) Quotations can be obtained telephonically, as rates generally change on a regular basis and time is a determining factor when investments are made.

- e) The person responsible for requesting quotations from institutions must record the following:-
 - i. name of institution;
 - ii. name of person quoting rates;
 - iii. period of the investment
 - iv. relevant terms; and
 - v. other facts i.e. are interest payable monthly or on maturation date.
- f) Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.
- g) No attempts must be made to make institutions compete with each other.
- h) Once a quote has been accepted written confirmation of the details must be obtained from the financial institution.
- i) The investment capital must only be paid over to the institution with which it is to be invested and not to an agent.
- j) The financial institution where the investment is made must issue a faxed or written confirmation stating the details of the investments.
- k) The Chief Financial Officer must ensure that the investment document received is authentic.
- l) The financial institution, where the investment is made, must issue a confirmation for each investment made stating that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.
- m) The Council must be given a quarterly report on all investments.
 - i. The Accounting Officer of the Municipality must within ten (10) working days of the end of each month submit to the Mayor of the Municipality or the board of directors of the municipal entity a report describing in

accordance with generally recognised accounting practice the investment portfolio of the Municipality as at the end of the month.

- ii. The report referred to in subsection (i) above and as set out in the Government Gazette No: 27431, published Municipal Investment Regulations, must set out at least:-

- the market value of each investment as at the beginning the reporting period;
- additions and changes to the market value during the period;
- ending market value for the period;
- fully accrued interest/yield for the reporting period.

- n) Where money is kept in current accounts, the Municipality must bargain for more beneficial rates with regards to deposits.

9.3 Long-term investments:

- a) Written quotations must be obtained for all investments made for periods longer than twelve months.
- b) The prior approval of the Accounting Officer or the Executive Committee must be obtained for all investments made for periods longer than twelve months after considering the cash requirement for the next three years.

9.4 Investment maturity

- a) Upon maturity of the investment the Council:-
 - i. Shall withdraw the whole amount invested
 - ii. Shall make quotations from various Financial Institutions approved by Council, and
 - iii. Shall re-invest 100% interest plus the original amount that had been invested, in terms of the investment procedure (paragraph 8 above), unless if Council wishes to utilize the original money or the interest.

9.5 Early withdrawal of invested funds

- a) When investing the funds with the banking institutions the Chief Financial Officer shall ensure that such funds are not withdrawn earlier than the maturity date agreed upon, by so doing the Municipality will not incur fruitless

and wasteful expenditures in form of penalties resulting from early withdrawal of investments.

- b) The Chief Financial Officer shall only withdraw funds if :
 - i) the banking institution concerned has agreed to exempt any penalties due to early withdrawal of investment or;
 - ii) the Municipal Manager may grant approval to withdraw the invested funds after he/she has satisfied himself/herself that the urgency was unforeseeable at the time when funds were invested and that the need for funds far outweighs the penalties being paid for such early withdrawal.

10. CONTROL OVER INVESTMENTS

9.1 The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality. Such records shall indicate the following facts:

- a) Name of institution;
- b) capital invested;
- c) date invested;
- d) interest received;
- e) interest rate;
- f) maturation date;
- g) capital repaid; and
- h) balance invested.

9.2 The Chief Financial Officer shall ensure that all interest and capital properly due to the Municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

9.3 The Chief Financial Officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the Municipality's bankers or attorneys.

11. OTHER EXTERNAL INVESTMENTS

11.1 From time to time it may be in the best interests of the Municipality to make longer-term investments in secure stock issued by the National Government,

Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the Chief Financial Officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the Municipality requires, and to the best and most secure instrument available at the time.

- 11.2 No investment with a tenure exceeding twelve months shall be made without the prior approval of the Council, and without guidance having been sought from the Municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

12. BANKING ARRANGEMENTS

- 12.1 The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer. The Municipal Manager and Chief Financial Officer are authorised at all times to sign cheques and any other documentation associated with the management of such accounts. The Municipal Manager, in consultation with the Chief Financial Officer, is authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the Executive Committee on a monthly basis, as part of the report dealing with the Municipality's investments.

- 12.2 In compliance with the requirements of good governance, the Municipal Manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following: the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible). One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and the Municipality's self-insurance reserve (if legally permissible). In determining the number of additional accounts to be maintained, the Municipal Manager, in consultation with the Chief Financial Officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the Municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the Municipality.

12.3 The Municipal Manager shall invite tenders for the placing of the Municipality's bank accounts within six months after the election of each new Council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the Municipal Manager, in consultation with the Chief Financial Officer, is of the opinion that the services offered by the Municipality's current bankers are materially defective, or not cost-effective, and the Accounting Officer or the Executive Committee, as the case may be, agrees to the invitation of such tenders.

13. INTEREST ON INVESTMENTS

15.1 The interest accrued on all of the Municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the Municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

15.2 In the case of the external finance fund, the Chief Financial Officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.

15.3 If the accrual of interest to the external finance fund, unutilised capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the Chief Financial Officer to the appropriation account and re-appropriated to the asset financing reserve.

14. COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of Chief Financial Officer to enforce compliance with this policy.

15. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

16. POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF IMBABAZANE LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

ANNEXURE I

PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the mayor, executive committee or chief financial officer. The foregoing policy is

based on the assumption that such authority has been delegated to the chief financial officer.

SECTION 7: OPENING OF BANK ACCOUNTS

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

SECTION 8: PRIMARY BANK ACCOUNT

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The accounting officer of the municipality must administer the entire municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;

- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits). Any authorisation to a senior financial official to withdraw money or to authorize the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts. The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- particulars of the municipality's investments.

SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial

department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit facility limited to emergency use, the accounting officer must notify the council in writing as

soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONGTERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the revenue of the municipality. The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

ANNEXURE II

CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

1. STORES ADMINISTRATION

The chief financial officer shall be responsible for the proper administration of all stores. If sub-stores are established under the control of any head of a department, such head of the department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned. No sub-store may be established without the prior written consent of the chief financial officer

2. CONTRACTS: MANAGEMENT OF

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any

relevant legislation and of such rules and procedures as may be determined by Executive Committee, as the case may be:

- all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer or the head of department concerned; and
- all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

3. PAYMENTS

- 3.1 All payments, other than petty cash disbursements, shall be made through THE MUNICIPALITY's bank account(s).
- 3.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 3.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 3.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.

- 3.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.

4. REVENUE AND CASH COLLECTION

- 4.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 4.2 The chief financial officer shall ensure that all revenues are properly accounted for.
- 4.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the chief financial officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the chief financial officer shall report the matter adequately and timeously to the finance and Executive Committees.
- 4.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

5. BANKING OF RECEIPTS

- 5.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.
- 5.2 Where applicable, every head of department shall ensure that all revenues are banked daily with THE MUNICIPALITY's banker(s), or less frequently if so approved by the chief financial officer.

IMBABAZANE MUNICIPALITY

“The Municipality”



FUNDING AND RESERVES POLICY

INDEX

1.	DEFINITIONS	2
2.	PREAMBLE	2
3.	POLICY OBJECTIVES	2
4.	SCOPE OF POLICY	2
5.	APPLICABLE LEGISLATION	3
6.	FUNDING OF ANNUAL BUDGET	3
7.	CASH MANAGEMENT	3
8.	DEBT MANAGEMENT	4
9.	OPERATING BUDGET	4
10.	CAPITAL BUDGET	6
11.	RESERVES	8
12.	PROVISIONS	9
13.	OTHER ITEMS TO BE CASHED BACK	10
14.	IMPLEMENTATION AND REVIEW OF THE POLICY	11
15.	COMPLIANCE AND ENFORCEMENT	11
16.	EFFECTIVE DATE	11
17.	POLICY ADOPTION	12

1. DEFINITIONS

“Accounting Officer” means the Municipal Manager of Imbabazane Municipality

“Chief Financial Officer” means the Chief Financial Officer of Imbabazane Municipality

“MFMA” means the Municipal Financial Management Act, 2003 (Act No 56 of 2003)

“Municipality” means Imbabazane Local Municipality

“GRAP” means Generally Recognised Accounting Practices standards.

2. PREAMBLE

- o The Funding and Reserves Policy is aimed at ensuring that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.
- o This Policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

3. POLICY OBJECTIVES

3.1 The objectives of the policy are to:

- 3.1.1 Ensure that the Medium Term Expenditure Framework (annual budget) of the municipality is appropriately funded.
- 3.1.2 Ensure that cash resources and reserves are maintained at the required levels to avoid future year unfunded liabilities.
- 3.1.3 To achieve financial sustainability with acceptable levels of service delivery to the community.

4. SCOPE OF THE POLICY

4.1 This Policy shall apply to the Council, Exco, Finance Portfolio Committee, Budget Steering Committee, Accounting Officer, Strategic Executive Directors and all staff of the Municipal Council. It is, however, specifically applicable to the Council and all officials who have a formal, administrative duty to prepare, manage and control the municipal's budget and expenditure.

5. APPLICABLE LEGISLATIVE

5.1 The legislative framework governing borrowings are:

- 5.1.1 Local Government Municipal Finance Management Act, Act 56 of 2003; and
- 5.1.2 Local Government Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

6. FUNDING OF ANNUAL BUDGET

6.1 An annual budget may only be funded from:

- (a) Cash backed accumulated funds from previous year's surpluses and reserves not committed for any other purpose;
- (b) Borrowed funds but only for capital expenditure; and/or
- (c) Grant Funding.

6.2 Realistic anticipated revenue projections must take into account:

- (a) Projected revenue for the current year based on collection levels to date.
- (b) Actual revenue collected in previous financial years.

6.3 Capital expenditure may only be incurred on a capital project only if:

- (a) The funding for the project has been appropriated in the capital budget.
- (b) The total cost for the project has been approved by Council.
- (c) The future budgetary implications and projected cost covering all financial year until the project is operational has been considered.
- (d) The implications of the capital budget on municipal tax and tariff increases.
- (e) The sources of funding are available and have not been committed for other purposes.

7. CASH MANAGEMENT

7.1 The availability of cash is one of the most important requirements for working capital management and must be closely monitored to ensure minimum days cash on hand of forty five (45) days for its daily operations.

7.2 Changes in the municipal environment that may have an impact on the municipal cash flow position include:

- (a) Changes in revenue levels as a result of consumption patterns (water restrictions, load shedding etc.);
- (b) Reduced growth as a result of economic conditions;
- (c) Increase in non-payment rate as a result of economic conditions;

- (d) Implementation of electricity industry pricing policy (inclining block tariffs).
- (e) Increased debt levels.

7.3 Surplus cash not immediately required for operational purposes is invested in terms of the municipality's investment policy to maximize the return on investment.

8. DEBT MANAGEMENT

8.1 Debt is managed in terms of the municipal credit control and debt collection policy and the writing off of bad debts and impairments of debtor's policy.

8.2 The provision for revenue that will not be collected are budgeted as an expense and is based on the projected annual non-payment rate for each service.

9. OPERATING BUDGET

9.1 The operating budget provides funding to departments for their medium term expenditure as planned. The Municipality categorises services rendered to the community according to its revenue generating capabilities in line with the tariffs policy

- (a) Economic services – services that break revenue with no surpluses.
- (b) Rates and general services – services that are funded by rates, and/or other revenues generated such as fines, interest received, grants and subsidies etc.
- (c) Trading services – services that generate surpluses that can be used for cross subsidisation to fund other services

9.2 The operating budget is funded from the following main sources of revenue:

- (a) Property rates.
- (b) Government grants and subsidies.
- (c) Other revenue, fines, interest received etc.
- (d) Cash backed accumulated surpluses from previous years not committed for any other purposes.

9.3 The following guiding principles apply when compiling the operating budget:

- (a) The annual budget must be balanced.
- (b) Growth parameters must be realistic taking into account the current economic conditions.
- (c) Tariff adjustments must be realistic, taking into consideration the general inflation, affordability, bulk increases and the demand according to the approved Integrated Development Plan (IDP).

- (d) Revenue from government grants and subsidies must be in line with allocations gazette in the Division of Revenue Act and provincial gazettes.
- (e) Revenue from public contributions, donations or any other grants may only be included in the budget if there are acceptable documentation that guarantees the funds such as:
 - (i) Signed service level agreement;
 - (ii) Contract or written confirmation; or
 - (iii) Any other legally binding document.
- (f) Property rates are levied according to the Municipal Property Rates Act (Act No.6 of 2004), and property rates policy based on land and improvement values. The budget is compiled using the latest approved valuation and supplementary roll, consistent with current and past trends. Property rates tariffs and rebates are determined annually as part of the tariff setting process.
- (g) Property rates rebates, exemptions and reductions are budgeted either as revenue foregone or a grant as per directive in MFMA Budget Circular 51 depending on the conditions thereof.
- (h) Rebates, exemptions or reductions for service charges are budgeted either as revenue foregone or as a grant as per directive in MFMA Budget Circular 51 depending on the conditions thereof.
- (i) Other projected income is charged in terms of the approved sundry tariffs and fines considering the past trends and expected growth for each category.
- (j) Provision for revenue that will not be collected is made against the expenditure item bad debt and based on actual collection levels for the previous financial year and the projected annual non-payment rate.
- (k) Interest received from actual long-term and or short-term investments are based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends. The actual amount allocated for interest on investments is contributed to the capital replacement reserve.
- (l) Transfers from the accumulated surplus to fund operating expenditure will only be allowed for specific once-off projects and with no recurring operating expenditure resulting thereof.
- (m) Transfers from the accumulated surplus to offset the increased depreciation charges as a result of the implementation of GRAP 17 will be phased out over a number of years.

- (n) A detailed salary budget is compiled on an annual basis. All funded positions are budgeted for in total and new and/or funded vacant positions are budgeted for six (6) months only of the total package considering the recruitment process. As a guiding principle the salary budget should not constitute more than 35% of annual operating expenditure.
- (o) Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer from the accumulated surplus is made. However the annual cash flow requirement for the repayment of borrowings must fully be taken into consideration with the setting of tariffs.
- (p) To ensure the health of municipal assets, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels, resulting that maintenance budgets are normally lower than the recommended levels. Therefore the mere reduction of maintenance budgets to balance annual budgets must carefully be considered. As a guiding principle repair and maintenance should constitute between 5 and 8% of total operating expenditure and should annually be increased incrementally until the required targets are achieved.
- (q) Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

10. CAPITAL BUDGET

10.1 The capital budget provides funding for the municipality's capital programme based on the needs and objectives as identified by the community through the Integrated Development Plan and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.

10.2 Provisions on the capital budget will be limited to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:

- (a) Accumulated cash back internal reserves;
- (b) Borrowings;
- (c) Government grants and subsidies; and
- (d) Public donations and contributions,

10.3 The following guiding principles applies when considering sources of funding for the capital budget:

- (a) Government grants and subsidies:
 - (i) Only gazette allocations or transfers as reflected in the Division of Revenue act or allocations as per provincial gazettes may be used to fund projects;
 - (ii) The conditions of the specific grant must be taken into consideration when allocated to a specific project; and
 - (iii) Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent the conditions will be met during the financial year.
- (b) In the case of public contributions, donations and/or other grants, such capital projects may only be included in the annual budget if the funding is guaranteed by means of:
 - (i) Signed service level agreement;
 - (ii) Contract or written confirmation; and/or
 - (iii) Any other legally binding document.
- (c) Public donations, contributions and other grants are provided for on the relevant department's operating budget to the extent the conditions will be met during the financial year.
- (d) The borrowing requirements as contained in the borrowing policy are used as a basis to determine the affordability of external loans over the Medium Term Income and Expenditure Framework. The ratios to be considered to take up additional borrowings:
 - (i) Long-term credit rating of BBB;
 - (ii) Interest cost to total expenditure to not exceed 8%;
 - (iii) Long-term debt to revenue (excluding grants) not to exceed 50%;
 - (iv) Payment rate of above 95%;
 - (v) Percentages of capital charges to operating expenditure less than 18%.
- (e) Allocations to capital projects from cash back internal reserves will be based on the available funding for each ring-fenced reserve according to the conditions of each reserve as follows:

- (i) Infrastructure projects to service new developments and the revenue is received through the sale must be allocated to the capital reserve for services;
- (ii) Capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc. must be allocated to the capital reserve from revenue which is funding from the revenue budget for that specific year. A general principle is that these types of capital expenditure should not exceed more than 1% of total operating expenditure;
- (iii) Capital projects to replace and/or upgrade existing assets will be allocated to the capital replacement reserve;
- (iv) Capital projects to upgrade bulk services will be allocated to the capital bulk contributions reserve for each service.

10.4 All capital projects have an effect on future operating budget therefore the following cost factors should be considered before approval:

- (a) Additional personnel cost to staff new facilities once operational;
- (b) Additional contracted services, that is, security, cleaning etc.
- (c) Additional general expenditure, that is, services cost, stationery, telephones, material etc.
- (d) Additional other capital requirements to the operate facility, that is, vehicles, plant and equipment, furniture and office equipment etc.
- (e) Additional costs to maintain the assets;
- (f) Additional interest and redemption in the case of borrowings;
- (g) Additional depreciation charges;
- (h) Additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

11. RESERVES

11.1 All reserves are “*ring fenced*” as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognized Accounting Practices (GRAP).

11.2 The following ring fenced reserves exist:

(a) Capital reserve for new developments

This reserve is used to fund capital expenditure to service new developments. Each development is ring fenced within this reserve. The valuator-determines the price for the stand/land/site to be sold and the revenue generated through the sale of even is then allocated to the specific development. This reserve

must be cash backed to ensure the availability of cash to fund the capital expenditure required to service the stand/land/site

(b) Capital replacement reserve

Funding for capital budgets of future financial years are generated through a combination of methods. Once a municipality has reached its maximum gearing ability no further borrowings can be taken up. This necessitates that the municipality also invests in a capital replacement reserve, however, it must be cash backed.

This reserve once fully established will enable the municipality to provide internal funding for its capital replacement and renewal programme. In the past the cash generated from depreciation was used for the redemption payments on borrowings only. The increased asset value as a result of GRAP17 has resulted that the depreciation charges increased drastically which was not supported by cash.

To limit the tariff increases a non-cash contribution was made from the depreciation reserve to offset the depreciation charge. Depreciation is a method to generate future cash. Therefore it is anticipated to annually incrementally decrease the offset depreciation charge from the depreciation reserve with 2% until the depreciation is fully funded from cash through tariff setting. Other contributions to the capital replacement reserve through the operating budget are:

- (i) Interest received on investments;
- (j) Surface rentals from MPCC as identified from time to time; and this reserve must be cash backed to ensure the availability of cash to fund the municipal capital programme.

(c) Bulk capital contribution reserves

This reserve is to supplement capital expenditure for the necessary expansions and upgrading of bulk infrastructure due to new developments. Revenue generated through bulk services contributions are allocated to this reserve for each applicable service. This reserve must also be cash backed.

12. PROVISIONS

- 12.1 A provision is recognised when the municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources

embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities. The municipality has the following provisions:

(a) Leave provision

Liabilities for annual leave are recognised as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are redeemed for cash, only 75% of the leave provision is cash backed.

(b) Landfill rehabilitation provision

The landfill site rehabilitation provision is created for the current operational site at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the landfill site. This provision must be cash backed to ensure availability of cash for rehabilitation on closure.

(c) Long services awards

Municipal employees are awarded leave days according to years in service at yearend. Due to the fact that not all long service leave balances are redeemed for cash, only 75% of the long service leave provision is cash backed.

(d) Post employment medical care benefits

The Municipality provides post-retirement medical care benefits by subsidising the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be cash backed to ensure the availability of cash for the payment of medical aid payments.

13. OTHER ITEMS TO BE CASH BACKED

13.1 Donations, public contributions, unspent grant funding

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Unspent amounts in relation to

donations, public contributions and unspent grant funding are therefore retained in cash and are not available to fund any other items on the operating or capital budget other than that for which it was intended for.

13.2 Consumer deposits

Consumer deposits are partial security for a future payment of an account. Deposits are considered a liability as the deposit is utilised on the account once the service is terminated. Therefore the funds are owed to consumers and can therefore not be utilised to fund the operating or capital budget. Consumer deposits should be retained in cash. Due to the fact that it is not likely to redeem all of the consumer deposits at once, only 75% are cash backed.

14. IMPLEMENTATION AND REVIEW OF THIS POLICY

- 14.1 The Accounting Officer shall be responsible for the implementation and administration of this Policy with the assistance of the Strategic Executive Director for Financial Services Department once approved by Council.
- 13.2 In terms of section 17(1) (e) of the Municipal Finance Management Act, 2003 this Policy shall be reviewed on annual basis to ensure that it complies with changes inapplicable legislation, regulations and any other directive issued by National Treasury and tabled to Council for approval as part of the budget process.
- 13.3 This Policy must be read in-conjunction with the Budget and Borrowing Policies; Local Government Municipal Finance Management Act, Act 56 of 2003; and Local Government Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

15. COMPLIANCE ENFORCEMENT

- c) Violation of or non-compliance with this Policy will give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.
- d) It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

16. EFFECTIVE DATE

The Policy shall come to effect upon approval by Council of the Municipality.

17. POLICY ADOPTION

This Policy has been considered and approved by the **COUNCIL OF IMBABAZANE LOCAL MUNICIPALITY** as follows:

Council Resolution No:.....

Approval Date:.....

IMBABAZANE MUNICIPALITY

“The Municipality”



BAD DEBT AND WRITE-OFF POLICY

TABLE OF CONTENT

1	Definitions	3
2	Introduction	3
3	Purpose of the Policy	4
4	Responsibility/Accountability	5
5	Principles	5
6	Types of Debt	7
7	Categories of Debt that qualifies for the write-off	7
8	Classification and Debt Recording	9
9	Interest payable on Debt	10
10	Determination of interest rate for debts	10
11	Interest calculations	11
12	Establishment of a committee to monitor any debt to be written-off	11
13	The Municipality's Attorney	11
14	Delegations of write-off to the Accounting Officer	12
15	Provisions for bad debts	12
16	Compliance and enforcement	13
17	Effective date	13
18	Policy adoption	13

1. DEFINITIONS

For the purposes of this policy, the following definition is applicable:

“Accounting Officer” – means the Municipal Manager of Imbabazane Local Municipality.

“Arrangements” - means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to.

“Arrears” - means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date.

“Chief Financial Officer” – means the Chief Financial Officer of Imbabazane Local Municipality.

“Council” – means the Council of Imbabazane Local Municipality

“Credit Control” - refers to all functions relating to the collection of monies owed by customers and users of municipal services.

“Debt” – means an amount owing to the Municipality.

“Municipality” – means Imbabazane Local Municipality

2. INTRODUCTION

- 2.1 The Council is faced with a significant amount of outstanding debt and the continuous defaulting by certain consumers who cannot afford to pay for rates.
- 2.2 This Policy seeks to bring relief to consumers who have huge outstanding debts and have no source of income or are registered as indigents and are currently unable to pay for the outstanding debts.
- 2.3 The Policy will enable the Council to write-off irrecoverable debt as recommended by the committee that will be established as in accordance to the provision of this Policy, therefore lessening the costs of recovering the debt that is irrecoverable.
- 2.4 Despite strict enforcement of the Customer Care, Credit Control and Debt Collection By – Laws, Council will continuously be confronted by circumstances requiring the possible write-off of irrecoverable debt.

- 2.5 The Policy will enable Council to apply the principles of writing-off of irrecoverable debt in circumstances and information submitted before Council wherein it is indicated that the debt will not be recovered.
- 2.6 The Policy does not override the fact that “the Accounting Officer must ensure that all avenues are utilised to collect the municipality’s debt” as stipulated in the Municipal Systems Act.
- 2.7 The Policy seeks to ensure that Council follows all principles and procedures for recovering outstanding debt prior to writing off of debt.
- 2.8 The Policy seeks to ensure that Council appoints a committee in terms of section 79 of Municipal Structures Act 117 of 1998 to review and recommend to it the debt considered by the committee to be irrecoverable.

3. PURPOSE OF THE POLICY

- 3.1 Section 96 of the Local Government Municipal Systems Act 32 of 2000 provides that a municipality must collect all monies that is due and payable to it, subject to the provisions of that Act and other applicable legislation
- 3.2 The purpose of this Policy is
 - 3.2.1 To provide the principles and procedures for writing-off irrecoverable debt.
 - 3.2.2 To ensure that recovery would not cause undue hardship to the debtor or their dependants.
 - 3.2.3 To determine circumstances leading to the write-off of debts
 - 3.2.4 To provide framework for procedures for writing-off of debts

4. RESPONSIBILITY / ACCOUNTABILITY

- 4.1 The Council has the overall responsibility for adopting and approving the Bad debt and Write-Off Policy.

- 4.2 The Council has an oversight and monitoring role in the implementation and enforcement of the Policy.
- 4.3 The Accounting Officer, as the implementing authority, must establish effective administrative mechanisms, procedures and processes to ensure the implementation of this Policy.

5. PRINCIPLES

- 5.1 The following should be the guiding principles in implementing the Bad debt and Write-off Policy:-
 - 5.1.1 Before any debt is written off it must be proved that the debt has become irrecoverable.
 - 5.1.2 Where the tracing of the debtor is unsuccessful;
 - 5.1.3 Where all debt collection procedures implemented to recover the debt were unsuccessful;
 - 5.1.4 All reasonable steps were taken by the officials to recover the debt
 - 5.1.5 Recovery would cause undue hardship to the debtor or his or her dependants;
 - 5.1.6 The Council cannot legally prove the claim, provided that such a write-off must be followed by an investigation to circumstances which led to the failure to legally prove the claim.
 - 5.1.7 The debtor has neither assets nor income;

- 5.1.8 The Council's claim against an insolvent estate that is being administered as insolvent, had been properly proved and that the dividend of the creditors was insufficient to meet the debt;
- 5.1.9 It would be to the advantage of the Municipality to effect a settlement of its claim or waive the claim;
- 5.1.10 Statutory requirements prevent debt from being claimed or recovered;
- 5.1.11 On account of a weak financial position of an estate, the danger exists that if the debt is proved, a contribution will have to be paid to the estate.
- 5.1.12 The debtor is deceased and there is no known estate.
- 5.1.13 The debtor is no longer a resident in the Republic of South Africa, and there are no apparent means of collecting the debt, and there is no evidence that the debtor has family or business concerns in South Africa that could lead to the debtor.
- 5.1.14 The assets of the debtor or of the estate of the debtor are indispensable to the debtor's dependents' or are of relatively little value.
- 5.1.15 When the debts have prescribed in terms of section 11 of the Prescription Act 68 of 1969.
- 5.1.16 Bad debt write offs must be considered in terms of cost – benefit analysis; meaning when it becomes too costly to recover and the chances of collecting the debt are slim, a write off should be considered
- 5.1.17 Debt can only be written off if the required provision exists in the Municipality's budget and/ or reserves.

5.2 Detail of Debt to be Written-Off

The following information needs to be provided for each debt to the officer/ member who will authorise the write offs:

- a) Debtor's name,
- b) Debtor's address,
- c) Debtor's account,
- d) Measures taken to recover the debt,
- e) Reason(s) rendering the debt uncollectable,
- f) Description of debt,
- g) Period of the debt and/or date(s) of invoice,
- h) Amount to be written off,
- i) Reason for the write off.

5.3 Supporting documentation must be retained and available that indicates:

- a) Evidence to support the write off,
- b) Recovery history,
- c) Details of tracing and enquires carried out,

6. TYPES OF DEBTS

Generally, the following types of debts may occur:

- 6.1 Where the Municipality has suffered a loss or damage through the act of an officials (whether that person is still in the employ of the Municipality or not), or any other person;
- 6.2 Where a salary, wage or allowance was erroneously or inadvertently paid to an employee and or a Councilor;
- 6.3 Where an individual or a company breached a contract; and
- 6.4 Where an erroneous or overpayment was made to a creditor, institution or private body.

7. CATEGORIES OF DEBTORS THAT MAY QUALIFY FOR THE WRITE-OFF

- 7.1 **Approved Indigent Household Consumers in terms of the Municipality's Indigent Policy**

7.1.1 Upon approval for registration as an indigent household consumer, the debtor's interest on the arrear amount will be written off and the outstanding balance on his/her municipal services account will be handed over to the appointed committee for review and possible write off.

7.1.2 Any new arrears accumulated by the debtor (i.e. any amounts in excess of the indigent allowance for free basic services) whilst registered as an indigent consumer, will not qualify to be written off and must be dealt with strictly in accordance with the Municipality's Debt Collection and Credit Control Policy and Indigent Household Policy.

7.2 Balances too small to recover considering the cost for recovery

7.2.1 Where final accounts have been submitted and paid by the respective consumer and the remaining balance after finalisation of any final readings and other administrative costs results in a balance of one hundred rand (R100) or less, such account must be forwarded once to the consumer for payment

7.2.2 Where such account is not paid by the respective consumer within a period of sixty (60) days such amounts will automatically be written off subject to the provisions of Section 5 above.

7.3 Insolvency of the Debtor and Insolvent Deceased Estates

7.3.1 Where a debtor becomes insolvent the Municipality must ensure that a creditor's claim is timeously registered. Any amount not being recovered due to insufficient funds or if there is a risk of a contribution being made to an insolvent estate must, after notification, be written off subject to the provisions of Section 5 ~~4.2~~ above.

7.3.2 In case of death of the debtor a creditor's claim must be timeously registered against the deceased's estate. Any amount not being recovered due to insufficient funds or if there is a risk of a contribution being made to a

deceased estate must, after notification, be written off subject to the provisions of Sections 4.2 above.

7.4 Untraceable Debtors

7.4.1 Where for any reason the forward address of a debtor becomes untraceable or the debtor becomes untraceable from the current address, such account must be handed over to a collection agent for recovery of the debt. The collection agent will be paid on an attorney client scale relating to matters of debt collection. The Terms of Reference for such collection agent must include the appointment of a tracing agent to locate the debtor. Should a debtor be untraceable, the collection agent must report to the Municipality on the actions that were taken to attempt to trace the debtor. The municipality should be responsible to pay the tracing agent.

7.4.2 Any amount owed by a debtor that has become untraceable must, after notification, be written off or sold to a debt collection agency at a discount which will be determined by Council from time to time.

8. CLASSIFICATIONS AND DEBTS RECORDING

8.1 In order to comply with Treasury Regulation 11.2.1(a), a debt must be recorded in the general ledger of the Municipality as soon as it is discovered.

8.2 SIMPLE DEBT (NON-INTEREST BEARING)

A simple debt is raised whenever a debt is *non-interest bearing* (refer to Government Notice 4653 of 2000). Simple debts are normally settled within a relatively short period (usually within one year or as determined by the Accounting Officer). Simple debts are usually restricted to the recovery of money from municipal officials, and occur in cases such as:

8.2.1 Salary and related overpayments

8.2.2 Debts which originate due to the actions of officials including, but not limited to, private telephone calls, leave without pay, arrear contributions, or damage to official vehicles.

8.2.3 Debtor statements do not have to be produced and debts are simply raised in the relevant disallowance account of the Municipality and recovered from the debtors concerned, provided that the debtors have been notified in writing of the municipal recovery actions.

8.3 COMPLEX DEBT (INTEREST BEARING)

8.3.1. A complex debt is raised whenever a debt is interest bearing (refer to Government Notice 4653 of 2000). A complex debt account is structured in the financial management system with restricted parameters to control access thereto. Complex debts usually occur in cases such as:

- (a) Breach of contract or loan agreements; and
- (b) Debts which originate due to *mala fides* ("with evil intentions") actions of officials, staff members, private bodies etc.

8.3.2. In the case of complex debts, debtor statements must be produced and forwarded to the relevant debtors. The debtor must be given 30 days to settle the amount owing and interest, at the rate determined by the Minister of Finance, must be levied on the outstanding amount, should the debtor fail to comply. In the case of a contractual agreement, the interest rate stipulated in the contract must be levied.

9. INTEREST PAYABLE ON DEBTS

In terms of Section 11.5.1 of the Treasury Regulations (promulgated in terms of Section 80 of the PFMA), interest must be charged on all debts to the Municipality at the interest rate published in the Government Gazette

10. DETERMINATION OF INTEREST RATES FOR DEBTS

10.1 The Minister of Finance has fixed the uniform interest rate applicable to the following categories of debt, which are payable into a revenue fund, at nil percent (0%) per annum, with effect from 1 June 2000 (*Government Notice No. 4653 of 2000 for the presently prevailing interest rates determined by the Minister of Finance*):

- 10.1.1 Remuneration granted in error, where the person is still in the employ of the Municipality; and
- 10.1.2 Losses or damages caused unintentionally and without *mala fides* by persons still in the employ of the Municipality.

- 10.2 All other categories of debt bear interest at the prevailing rate set by the Minister of Finance after publication thereof in the Government Gazette, unless otherwise stipulated in a contractual agreement.

11 INTEREST CALCULATIONS

- 11.1 Interest is calculated on the decreasing balance of the debt and may not be capitalised, nor may it exceed the original capital amount (refer to the “*in duplum*” principle).
- 11.2 If a debtor does not respond to a written notice to settle the debt within 30 days of the notice (the date of notice must correspond with the debt take-on date), interest must be levied from the following day, i.e. 31 days after the debt was raised.

12 ESTABLISHMENT OF A COMMITTEE TO MONITOR ANY DEBT TO BE WRITTEN OFF

- 12.1 Council will establish and appoint a “Debt Write off Committee” in terms of Section 79 of the Municipal Structures Act 117 of 1998, to monitor the implementation of this Policy.
- 12.2 The above Committee will meet at least quarterly to review the report from the Accounting Officer containing full details of any actions taken by officials with respect to this Policy, and to consider any circumstances not covered by this Policy.
- 12.3 The quorum for the Committee shall be 50% of the members plus one.
- 12.4 Formal minutes of Committee meetings must be prepared and submitted to Council.

13. THE MUNICIPALITY ATTORNEY

- 13.1 In terms of paragraph 11.2.1(b) of the Treasury Regulations, in cases where it is necessary and economical to enforce the recovery of a debt by means of legal steps, and after consultation with the Directorate: Legal Services, the services of the Municipality Attorney or any other attorney may be utilised.
- 13.2 The Accounting Officer can then appoint the attorney to recover the debt.

- 13.3 The correct physical address and contact details of a debtor must be available when matters involving the recovery of debt are handed to the Municipality Attorney for collection.

14. DELEGATIONS OF WRITE – OFFS TO THE ACCOUNTING OFFICER

- 14.1 The Accounting Officer will, after thorough review of any applications in terms of this Policy, be delegated to write off any amounts to the maximum of:-

14.1.1 In the case of a household consumer an amount of R100-00 (excluding interest and penalties) per submission; and

14.1.2 in the case of a business consumer an amount of R200-00 (excluding interest and penalties) per submission.

- 14.2 Any amount in excess of the delegation provided for in paragraph 14.1(i) and 14.1(ii) above must be submitted together with a recommendation from the Accounting Officer to the Committee for consideration. The Committee will, after thorough review of any recommendation by the Accounting Officer and in terms of this Policy, make recommendations to Council to write off.

- 14.3 All amounts that has to be written off in terms of Section 14.1(i) and Section 14.1(ii) above must be considered individually and each case must be judged on its own merits must be separately reported to the Committee.

15. PROVISION FOR BAD DEBTS

- 15.1 The system will consider the current consumer debtors after any payments received in the first month of the next financial year has been taken into account.

- 15.2 The total balance of accounts with a handed over portion is considered bad debts after any payment received in the first month of the new financial year has been deducted.

- 15.3 The Municipality has to make provision for the debts that are identified as being irrecoverable. However, the Municipality must ensure that all the means applicable to recover the debts as outlined in the Debt and Credit control policy are utilised.

15.4 Provision for bad debts on municipal accounts will therefore be calculated as follows:

15.4.1 12 months days 25% of the debt is considered bad

15.4.2 24 months days 50% of the debt is considered bad

15.4.3 36 months 100% of the debt is considered bad

16. COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this Policy will give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of the Accounting Officer to enforce compliance with this Policy.

17. EFFECTIVE DATE

The Policy shall come to effect upon approval by Council.

18. POLICY ADOPTION

This revised Policy replaces the current Policy; it has been considered and approved by the **COUNCIL OF IMBABAZANE LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

IMBABAZANE LOCAL MUNICIPALITY

(“The Municipality”)



DRAFT INDIGENT POLICY

INDEX

	Page No.
1. DEFINITION	3
2. OBJECTIVES AND PRINCIPLES	5
3. QUALIFICATION CRITERIA FOR INDIGENT SUPPORT	6
4. CRITERIA FOR ACCEPTANCE	7
5. REGISTRATION PROCEDURE – NEW AND REVIEWED APPLICATIONS	9
6. REQUEST FOR INDIGENT/ PAUPER BURIAL/ CREMATION ASSISTANCE	10
7. BURIAL/ CREMATION BENEFITS	11
8. SUBSIDY	11
9. BUDGETING FOR INDIGENT SUPPORT	12
10. REVIEW AND AMENDMENT POLICY	12
11. COMMUNICATION STRATEGY AND SKILLS DEVELOPMENT	12
12. APPEAL	12
13. OFFENCES	13
14. NOTICES AND DOCUMENTS	13
15. POLICY ADOPTION	13

1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA) and other related legislations/Regulations, has the same meaning as in that Act.

“Accounts” mean statement of moneys received.

“Accounting Officer” means the municipal official referred to in section 60 of the MFMA.

“Act” means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.

“Application for indigent” means a resident in charge of a household and who is responsible for payment of municipal charges and whose combined household income is equal to or less than the amount as determined by the Council to qualify for indigent status and has made application to the Council and is accepted to be classified as an indigent;

“Bank” means an institution recognized by the Register of Banks.

“Bank Accounts” are the recognized statement of financial holdings on behalf of The Municipality.

“Cash” means money, such as bank notes, coins or cash equivalents.

“Chief Financial Officer” means a person designated in terms of section 80(2)(a) of the MFMA.

“Child headed household” refers to a household where both parents are deceased and where all occupants of the property are children of the deceased and all are under the legal age to contract for services and are considered as minors in law by the state;

“Constitution of the Republic of South Africa, Act No. 108 of 1996” means the Supreme Law of the Republic of Africa

“Consumption” means the ordinary use of municipal services for domestic or household purposes;

“Household” means a registered owner or tenant with or without children who reside on the same premises

“Indigents” means owners and/or occupiers of residential property where the combined municipal value of the land and buildings or the vacant land value of such property is equal to, or less than, the values determined by resolution of the Council;

“Indigent burial/ cremation” means indigent burial/cremation refers to any burial/cremation of an indigent (in terms of this policy), motivated by a ward councillor, excluding a pauper

“Municipal Entity” means: (a) a private company referred to in section 86B (1) (a);
(b) a service utility; or
(c) a multi-jurisdictional service utility;

“Municipality” means the Imbabazane Local Municipality.

“Municipal value” means the total combined value of land and buildings on a property, as reflected in the municipal valuation roll;

“Owner” means the person in whom from time to time is vested the legal title to the property;

“Rates” means property rates on property in the Municipality; any other tax, duty or levy imposed by the Municipality.

2. PURPOSE OF THE POLICY

- 2.1 In terms of section 74 of the Local Government Municipal Systems Act 2000, the Council of the Municipality must adopt and implement a Tariff Policy. In terms of section 74(i) of the Act in adopting a Tariff Policy, the Council should at least take into consideration the extent of subsidization of tariffs for poor households. Arising from the above procedures and guidelines for the subsidization of basic services and tariff charges to its indigent households

3 QUALIFICATION CRITERIA FOR INDIGENT SUPPORT

In order to qualify for indigent support the following criteria must be met:

- 3.1 Households where verified total gross monthly income of all occupants over 18 years of age does not exceed a total of two (2) state pensions or the amount determined by Council per month as set out in paragraph 5.
- 3.2 All households that are child headed, even if they are below eighteen (18) years of age can apply for the indigent support.
- 3.3 Indigent support will apply to all households whose total monthly income is less than or equal to the above-mentioned amount, irrespective of the source of income.
- 3.4 Only households where the accountholder or property owner has registered as indigent in terms of the Municipality's annual registration programme, and whose registration has been accepted and entered into the register of indigents shall qualify for the above concessions.
- 3.5 Applicants shall be:
- a) Citizens of the Republic of South Africa in possession of a valid South African Identity Document or South African birth certificate in favour of child headed household applicants.
 - b) Resident at the premises for which application is made within the Imbabazane Municipality.

- c) In possession of a service agreement and or monthly statement with Imbabazane Municipality in the name of the indigent.
 - d) Do not own more than one property, whether in or outside of the municipal area.
- 3.6 Proof of income: applicants for indigent support must produce written proof acceptable to the Municipality of:
 - a) Household income/grants for each member of the household;
 - b) Employment status or low income or reduction in income of each member of the household;
 - c) Inability to work of each member of the household;
 - d) All minor members of the household.
- 3.7 The above documentation should be current, i.e. not more than one month old and verified at a commissioner of oaths e.g. police station, and should be submitted with the application form.

4. CRITERIA FOR ACCEPTANCE

- 4.1 A resident shall apply for indigent support on the prescribed application form provided by the Municipality for this purpose.
- 4.2 The applicant shall agree to the following:
 - a) To appear personally before the designated official with the application form and documentation required for verification purposes.
 - b) To the valuation by the Municipal Valuer of the residential property for which application is made (applicable if applicant is owner).
 - c) Annual resubmission by the applicant of the application on the anniversary of the granting thereof and/or on a date determined by and communicated to the applicant. Failure to comply herewith shall result in the indigent's status being revoked.
 - d) That the onus shall be on the approved indigent to inform them of any change in his or her status or personal household circumstances and within two weeks of the changes.
- 4.3 The Municipality shall have the right to:
 - a) Verify the details provided by an applicant for indigent support;

- b) Undertake house visits by Ward Representatives, staff or accredited agents to confirm the indigent's claim and living conditions.
- c) Where an indigent is found to be living at a standard inconsistent with his or her indigent application or fails to allow access or provide any further information as may be required by the Municipality, such indigent's support may be cancelled
- d) Re-evaluate all indigent households after a period of one year
- e) For the purposes of transparency the Municipality, shall keep a register of all indigent households containing:
 - i) The names of indigent's receiving indigent relief for a prescribed period;
 - ii) The erf or stand numbers where services are rendered to recipient indigent's;
 - iii) The total household income of recipient indigents; and
 - iv) The number of dependants residing on the property of the recipient indigent;
 - v) The List of above registered indigents is to be displayed on the notice board; for the perusal by Ward Committees, officials and members of the community.
- f) Any resident, Ward Committee member or official may, in writing, addressed to the Accounting Officer, query the qualification of a recipient indigent within 21 days from the date of tabling at the meeting of the report
- g) The Accounting Officer shall refer queries referred to in (f) above to the relevant official for Indigent Support who may make one or more of the following actions:
 - i) Request the indigent debtor against whom a query has been raised to provide full proof of his/her banking account and income details as well as pension registration number;
 - ii) Undertake an inspection at the indigent's place of residence to determine his/her social conditions;
 - iii) Request a social welfare worker's report on the indigent's household; and
- h) There after the official shall recommend to the Accounting Officer for submission to such action as he may deem appropriate in the circumstance including a recommendation:

- i) That the indigent support be suspended for a defined period and subject to such conditions as it may determine;
 - ii) That irregular or excess payments of indigent subsidies be recovered from the indigent by way of debiting such indigent's services and rates account or accounts with such payments;
 - iii) That normal credit control measures be applied to the indigent debtor in accordance with the Credit Control and Debt Collection Policy; and
 - iv) That criminal charges of theft or fraud be instituted against the indigent
- i) The Accounting Officer must, in writing, advise a complainant who lodges a query against an indigent in terms of (h) of the result of the investigation.
- j) The indigent's status cannot be withdrawn, suspended or altered until and unless such indigent has been given an opportunity to be heard and make representations on the allegations against him/ ~~or~~ her.

5. REGISTRATION PROCEDURE – NEW AND REVIEWED APPLICATIONS

5.1 A resident should make an application for indigent support at the nearest Municipal Office on a prescribed application form.

5.2 The application process shall be as follows:

- a) The application form shall be completed by the Municipal Official and the applicant
- b) The completed application form will be signed by the applicant in the presence of the Municipal Official.
- c) All required documentation must be submitted simultaneously with a completed ~~ion~~ and signed application.
 - i) Original Identity Document of all occupants/ residents/ dependants of indigent households to be produced and copied.
 - ii) Original Municipal account.
 - iii) Proof of income/grants of all occupants/ residents/dependants of indigent household.
 - iv) Proof of employment status or low income or reduction in income of any member of the household.
 - v) Proof of inability to work of any member of the household.

5.3 The application and all supporting documents would then be submitted to the Municipality's finance department for endorsement and approval. The applicant will then be treated as an Indigent consumer.

5.4 A quarterly-consolidated report must be submitted, per ward each meeting of:

- a) Applications received
- b) Applications approved
- c) Applications declined
- d) Indigent defaulters

An annual renewal notification in terms of laid down timetable, shall be processed by the Municipality.

6. REQUEST FOR INDIGENT/ PAUPER BURIAL/ CREMATION ASSISTANCE

Any family of a registered indigent who applies for indigent burial/ cremation assistance will be required to submit the following documents as proof:

- 6.1 Applicant's Identity document SA green barcoded ID.
- 6.2 Deceased's Identity document SA green barcoded ID or Deceased's birth certificate.
- 6.3 Death certificate of the deceased.
- 6.4 Affidavit by South African Police Services (SAPS) as proof by the family member or relative declaring that they cannot afford to bury/ cremate the deceased due to a lack of income.
- 6.5 Confirmation letter from Ward Councillor or PR Councillor.

7. BURIAL / CREMATION BENEFITS

- 7.1 The Municipality will provide the family of a registered indigent with an amount of R1000 (subject to change as per review) for assistance with the burial/cremation.

8. SUBSIDY

Council shall annually, determine the overall subsidy for indigent and other debtors within budget process and financial constraints

- 8.1 Indigent subsidies may be granted on:

a) Rates (100 % / full subsidy),

- 8.2 All registered indigent households will, on approval, be designated as:

a) Indigent and shall be charged the determined economical tariff or charge for a service applicable to their designation.

- 8.3 The indigent household's monthly account will be credited with the amount of the indigent subsidy as determined by the budget according to their designation.

- 8.4 Subsidy allocations

An indigent household shall qualify to receive subsidised services on the following terms and conditions:

- a) Property Rates

i) All indigent owner of properties used for multiple purposes, provided one or more components of the property are used for residential purposes would receive a limited reduction on the rateable value of the property **(currently capped at R60 000)** as provided for in section 17 (1)(h) of the Property Rates Act No. 6 of 2004.

ii) Indigent who resides in a property which value exceeds the exemption amount as provided for in the Property Rates Act as designated from time to time shall be subsidised to the extent determined annually by the Council.

9. BUDGETING FOR INDIGENT SUPPORT

- 9.1 The Municipality must annually budget for the total indigent subsidy to be granted to indigents in terms of this Policy. Such amount must, upon approval of the budget of the Municipality, be reflected against a separate vote in the name of indigent subsidy.
- 9.2 The total value of indigent subsidies for all subsidised services and rates must be reflected against such indigent subsidy vote on a monthly basis.

10. REVIEW AND AMENDMENT OF POLICY

The Council has the discretionary power to amend any clause, stipulation or tariff embodied in this Policy in the interests of all the parties concerned at the annual budgetary review of policies in conjunction with the consideration of the annual budget.

11. COMMUNICATION STRATEGY AND SKILLS DEVELOPMENT

- 11.1 The Council shall, with the aid of Ward Committees, embark on an extensive community communications programme aimed at informing communities of the contents of this Policy and the duty on them to pay service charges and contribute to the funds of the Municipality.
- 11.2 The Council should endeavour to support and, within its capacity, access skills training and other education related programmes aimed at developing the indigent to become self- sufficient and thereby reducing the rate of indigence.

12. APPEAL

- 12.1 An indigent household application, which has been declined, may appeal against such decision.
- 12.2 The appeal must be in writing and lodged with the Accounting Officer within 14 days after receipt of the notification setting out:
- a) The reason for the appeal
 - b) Any other documentary proof in support of the appeal.
- 12.3 The appeal shall be decided:
- a) Within 21 days after lodgement of the appeal;
 - b) Strictly in terms of the provisions of the policy;

- c) By three officials from Community and Social Services, designated by the Accounting Officer.

12.4 The decision of the committee is final and the appellant shall be notified of the outcome in writing.

13. OFFENCES

Any applicant who misuses the indigent support policy of the Municipality or provides incorrect information to the Municipality and or tampers with the supply of services or municipal installations shall be subject to forfeiture of indigent status, criminal prosecution and other measures as determined by the Council within the Credit and Debt Collection Policy.

14. NOTICES AND DOCUMENTS

A notice or document issued by the Council in terms of this policy shall be deemed to be duly issued if signed by an employee duly authorised by the Council. If a notice is to be served on a person in terms of this policy, such service shall be effected by:

- a) Delivering the notice to him personally;
- b) By delivering the notice at his/her residence or to a person apparently not less than sixteen years of age and apparently residing or employed there;
- c) If he has nominated an address for legal purposes, by delivering the notice to such an address; or
- d) By registered or certified post addressed to his/her last known address.
- e) If service cannot be effected in terms of the aforesaid sub-sections by affixing it to the principal door of entry to the premises, or displaying it on a conspicuous place on the land.

15. POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF THE IMBABAZANE LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

IMBABAZANE LOCAL MUNICIPALITY
(“The Municipality”)



UNALLOCATED REVENUE POLICY

INDEX

UNALLOCATED REVENUE POLICY

1. Definitions
2. Background
3. Objectives of the Policy
4. Legislative Framework
5. Municipal bank accounts, Direct transfers and electronic banking
6. Identification of Unidentified Deposits
7. Direct bank payments
8. Receipts and clearing of accounts
9. Procedures regarding unidentified receipts
10. Approval

1. DEFINITIONS

“Council” means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

“Creditor” means a person to whom money is owed to by the Municipality

“Primary Bank Account” means a bank account referred to in section 8(1) of the Municipal Finance Management Act

“Register” means the official register kept to receipt all unclaimed deposits

“Municipality” means Imbabazane Local Municipality

2. BACKGROUND

The importance of the recognition and or identification of each transaction in the bank statement especially cash inflows, in order to account for them in the appropriate manner and update the financial records of the Municipality in a timely manner and ensuring that a sound accounting System is maintained.

3. OBJECTIVES OF THE POLICY

- a. The objectives of this Policy are to:
 - a) Provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account
 - b) Reduce the liability of the Municipality
 - c) Provide guidelines to identify unidentified deposits in the municipal bank account.

4. LEGISLATIVE FRAMEWORK

- a. Prescription act 68 of 1969 section 10 states:

- (1) Subject to the provisions of this Chapter and of Chapter IV, a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt.
- (2) By the prescription of a principal debt a subsidiary debt which arose from such principal debt shall also be extinguished by prescription
- (3) Notwithstanding the provisions of subsections (1) and (2), payment by the debtor of a debt after it has been extinguished by prescription in terms of either of the said subsections, shall be regarded as payment of debt.

Section 11 states that the periods of prescription of debts shall be the following:

- (a) save where an Act of Parliament provides otherwise, three years in respect of any other debt.

b. Revenue Management

- (1) Revenue management involves all the procedures necessary to ensure that the income of the municipality is properly planned and fully accounted for, and that cash once received is safeguarded and banked promptly.
- (2) In terms of Section 64 (2) (e) (Revenue Management) of the Municipal Finance Management Act, Act 56 of 2003;

“The municipality has and maintains a management, accounting and information system which-

- (i) recognize revenue when it is earned;
- (ii) accounts for debtors; and
- (iii) accounts for receipts of revenue;”

5. MUNICIPAL BANK ACCOUNT DEPOSITS, DIRECT TRANSFERS AND ELECTRONIC BANKING

- a. Identify all the direct credits on the bank statement, such as direct deposits by rate payers, consumers and levy payers, subsidies and grants paid by National and Provincial Governments, interest on investments and miscellaneous credits. Process these credits by capturing to the respective votes on the system.

- b. Identify full details of these credits timely to avoid having to account for these credits in the Unallocated Receipts Account;
- c. After all processes to identify the unallocated monies have been exhausted ,record all unidentified credits (receipts) in a suitable register to facilitate future claims against the amount and follow up; and
- d. Balance the unidentified receipts register to the Unallocated Receipts Account in the general ledger on a monthly basis.

6. IDENTIFICATION OF UNIDENTIFIED DEPOSIT

- a. An unidentified deposit is any amount of money legally paid into the municipal primary bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed for a period of three (3) months.

7. DIRECT BANK PAYMENTS

- a. In some instances, direct payments such as direct deposits / bank transfers to the municipality's bank account are received without proper reference and the origin of the payment cannot always be allocated. Every effort needs to be made to identify the depositor.

8. RECEIPTS AND CLEARING OF ACCOUNTS

- a. All receipts that can be identified must be correctly allocated to the relevant debtors account and in addition the amount must be correctly allocated to the correct services being paid for.

9. PROCEDURES REGARDING UNIDENTIFIED RECEIPTS

- a. Any unknown receipts will be temporarily posted to the Unallocated Receipts account. These amounts must be traced to deposits or remittances and must be

followed up by contacting the payee or bank where applicable, to verify for what or whom the payment was received.

- b. Unallocated deposits in the Unallocated Receipts Account should be traced as to its origin, the details of the depositor and journalized to the correct accounts. Debtors / ratepayers are notified and requested to include account numbers on deposit slips when paying by internet banking and specific reference when payment is made to ensure that the unidentified deposits reduces.
- c. When deposits are received without adequate supporting documentation or explanation, the amounts are posted to the Unallocated Receipts Account it is the responsibility of employees to investigate and clear each item and the following procedures are followed:
 - All unidentified credits (receipts) should be recorded in a suitable register to facilitate future claims against the amount and followed up; and
 - Balance the unidentified receipts register to the Unallocated Receipts Account in the General ledger on a monthly basis.
- d. These accounts should be monitored and reconciled on a monthly basis.
- e. It should be manageable to reconcile and keep these accounts up to date each month, once long outstanding items have been cleared and correctly allocated; those amounts that are still outstanding should be treated as follows:
 - a) After a period of 3 (three) years (Prescription Period) when no claims are made or the origin of the payment is still unknown / unidentified, the unknown receipt as posted in the Unallocated Revenue Account will be journalized to the Sundries Revenue Account and be treated as income.
 - b) The following process must be followed before any monies are treated as income
 - i) The register will be advertised in the media in terms of section 21A of the Systems Act, 32 of 2000 that it will lie open for public inspections
 - ii) Such register must lie open for inspection for a further period of three (3) months
 - iii) The register will be made available for inspection at the main municipal buildings

- iv) The prescribed form must be completed with documentary proof should any monies be claimed by a customer
- v) After the three(3) months period a report will be submitted to Council on the unclaimed deposits to be written off from the register and be transferred to general revenue

10. COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of Chief Financial Officer to enforce compliance with this policy.

11. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

12. POLICY ADOPTION

This policy has been considered for public comments and approved by the **COUNCIL OF IMBABAZANE LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

IMBABAZANE LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

IMBABAZANE LOCAL MUNICIPALITY

MUNICIPALITY SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPALITY FINANCE MANAGEMENT ACT, 2003

Imbabazane Local Municipality resolves in terms of section 111 of the Local Government Municipality Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality.

TABLE OF CONTENTS

1. Definitions

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy
3. Amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Subdelegations
6. Oversight role of Municipality
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system
- Part 1: Demand management***
10. System of demand management
- Part 2: Acquisition management***
11. System of acquisition management
 12. Range of procurement processes
 13. General preconditions for consideration of written quotations or bids
 14. Lists of accredited prospective providers
 15. Petty cash purchases
 16. Written or verbal quotations
 17. Formal written price quotations
 18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations
 19. Competitive bidding process
 20. Process for competitive bidding
 21. Bid documentation for competitive bids
 22. Public invitation for competitive bids
 23. Procedure for handling, opening and recording of bids
 24. Negotiations with preferred bidders

25. Two-stage bidding process
26. Committee system for competitive bids
27. Bid specification committees
28. Bid evaluation committees
29. Bid adjudication committees
30. Procurement of banking services
31. Procurement of IT related goods or services
32. Procurement of goods and services under contracts secured by other organs of state
33. Procurement of goods necessitating special safety arrangements
34. Proudly SA Campaign
35. Appointment of consultants
36. Deviation from, and ratification of minor breaches of, procurement processes
37. Unsolicited bids
38. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management
40. Disposal management
41. Risk management
42. Performance management

Part 4: Other matters

43. Prohibition on awards to persons whose tax matters are not in order
44. Prohibition on awards to persons in the service of the state
45. Awards to close family members of persons in the service of the state
46. Ethical standards
47. Inducements, rewards, gifts and favours
- (a) 48. Sponsorships
49. Objections and complaints
50. Resolution of disputes, objections, complaints and queries
51. Contracts providing for compensation based on turnover

CHAPTER 3

GENERAL

- 52. Emergencies
- 53. Fronting of suppliers
- 54. Participation in HIV/Aids programmes by service providers
- 55. Savings on projects
- 56. Variance on estimated bids
- 57. Meeting of Committees
- 58. Meeting procedures of Committees
- 59. Access to meetings of the Committees
- 60. Quorum and decisions of the Committees
- 61. Commencement

Definitions

- 1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –
 - a) **“competitive bidding process”** means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;
 - b) **“competitive bid”** means a bid in terms of a competitive bidding process;
 - c) **“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
 - d) **“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this Policy;
 - e) **“in the service of the state”** means to be –
 - (1) a member of –
 - (i) any municipality Council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;

- (2) a member of the board of directors of any municipality entity;
 - (3) an official of any Municipality or municipality entity;
 - (4) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
 - (5) a member of the accounting authority of any national or provincial public entity; or
 - (6) an employee of Parliament or a provincial legislature;
- f) **“long term contract”** means a contract with a duration period exceeding one year;
- g) **“list of accredited prospective providers”** means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;
- h) **“other applicable legislation”** means any other legislation applicable to municipality supply chain management, including –
- (1) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - (2) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
 - (3) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
- i) **“Treasury guidelines”** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;
- j) **“the Act”** means the Local Government: Municipality Finance Management Act, 2003 (Act No. 56 of 2003);
- k) **“the Regulations”** means the Local Government: Municipality Finance Management Act, 2003, Municipality Supply Chain Management Regulations published by Government Notice 868 of 2005;
- l) **“written or verbal quotations”** means quotations referred to in paragraph 12(1)(b) of this Policy.

- m) **"Imbabazane Local Municipality area"** is the municipality boundary of Imbabazane as defined in the Local Government: Municipality Structures Act, Act 117 of 1998 as amended.
- n) **"Historically disadvantaged individuals (HDIs)"** means all South African citizens:
- i. who had no franchise in national elections prior to the introduction of the 1983 and 1993 constitutions; or
 - ii. who are women; or
 - iii. who are disabled persons
 - iv. Persons who obtained South African citizenship after the first democratic election in April 1994 cannot qualify for preference as an HDI.
- o) **"Youth"** is defined as a South African citizen between and including the ages of 18 to 35 years.
- p) **"Black"** is a generic term which means Africans, Coloureds and Indians
- q) **"Broad-Based Black Economic Empowerment"** means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to-
- (a) increasing the number of black people that manage, own and control enterprises and productive assets
 - (b) investment in enterprises that are owned and managed by black people
- r) **"An emergency"** is defined as a situation that may give rise to
- o threats to human life or safety
 - o threats to interruptions in the provision of services to the community
 - o the threat of major expense to Imbabazane Local Municipality.
- s) **"Cover quoting"** Where two or more independent tenders have been received for a single contract from a single supplier via business entities that the supplier owns, manages or controls or in joint venture with other business entities.

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that– (a) gives effect to –
- (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective;
- (c) complies with –
- (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) A municipal entity (should there be one), must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the parent municipality, in a way that and that is consistent with the supply chain management policy of the parent municipality.
- (3) This Policy applies when the municipality. (a) procures goods or services;
- (b) disposes goods no longer needed; or
 - (c) selects contractors to provide assistance in the provision of municipality services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies.

- (4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipality entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipality entity.

Amendment of the supply chain management policy

- 3. (1) The accounting officer must –
 - (a) *at least annually review the implementation of this Policy; and*
 - (b) *when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.*
- (2) If the accounting officer submits proposed amendments to the Council that differs from the model policy issued by the National Treasury, the accounting officer must –
 - (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) report any deviation from the model policy to the National Treasury and the relevant Provincial Treasury.
- (3) When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses, must be taken into account.

Delegation of supply chain management powers and duties

- 4. (1) The Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;

- (b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
 - (3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of the council or to a committee which is not exclusively composed of officials of the council.
 - (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub-delegations

- 5. (1) The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award –
 - (a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager; or

- (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (c) not exceeding R2 million (VAT included) may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
 - (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom

the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of Municipality

6. (1) The Council reserves its right to maintain oversight over the implementation of this Policy.

- (2) For the purposes of such oversight the accounting officer must –

In the case of the Municipality

- | | |
|---------|--|
| (b) (i) | within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the Council, to the Council; and |
|---------|--|

- (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Municipality.

- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –
 - (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) disposal management;
 - (v) risk management; and
 - (vi) performance management.

Part 1: Demand management

System of demand management

10. (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –

- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

System of acquisition management

- 11.** (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by the municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that

such goods or services are procured otherwise than through the municipality's supply chain management system, including -

- (a) the kind of goods or services; and
- (b) the name of the supplier.

Range of procurement processes

- 12.** (1) Goods and services may only be procured by way of –
- (a) written or verbal quotations for procurements of a transaction value of up to R2 000 (VAT included);
 - (b) verbal quotations for procurements of a transaction value over R2 000 up to R 10 000 (VAT included);
for all verbal quotations, the official will be required to keep a note on or document the details on the quote/s.
furthermore, the name and number, time and the amount should be recorded on that note. The successful bidder must submit the formal written quotation before the purchase order may be issued.
 - (c) formal written price quotations for procurements of a transaction value over R2 000 up to R200 000 (VAT included); and
 - (d) a competitive bidding process for–
 - (i) procurements above a transaction value of R200 000 (VAT included); and
 - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
 - (b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;

- (ii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

- 13.** A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;
 - (b) has furnished the municipality with a tax clearance certificate, if applicable; and
 - (c) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

- 14.** (1) The accounting officer must –

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.
- (c) i) Hierarchy of Supplier selection

When searching for or selecting suppliers for any contract or order, Imbabazane Local Municipality will consider the following when rotating suppliers within business classifications:

- Distribution of work amongst previously procured businesses who have not received business before;
- Equity suppliers

These preferred businesses must be given preferences first then other business can follow afterwards. Only three suppliers will be asked each time to quote.

Database forms should be obtainable from the SCM office at no cost to public or bidders.

Petty cash purchases

15. *Petty Cash purchases are used for items for which the value does not exceed R1000.00 including VAT. Petty cash will be controlled by a designated, responsible person. The SCM Regulations pertaining to petty cash payments contain the following conditions that must be included in petty cash systems:*

- Delegated authority for petty cash purchase must determine the terms on which a manager may delegate responsibility for petty cash to an official reporting to that manager.
- Must limit the number of petty cash purchases or the maximum amounts per month for each manager.
- Require monthly reconciliation reports from each manager to be forwarded to the Chief Financial Officer.
- Managers with delegated responsibility for petty cash purchases must on a monthly basis report to the Chief Financial Officer:
 - (a)** The total amount of petty cash purchases for that month and
 - (b)** Receipt and supporting document for each purchase.

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;

- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.
- (f) and /or to apply Risk Management Policy, Delegation of Power Authority, SCM Policy, Delegation of Powers MFMA, Petty Cash as well as Budgeting Policy.

Formal written price quotations

- 17.** (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:
- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality.
 - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
 - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

- 18.** The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:
- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - (b) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
 - (c) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;
 - (d) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
 - (e) requirements for proper record keeping.
- (d) 1. Procurement process
- (i) The official authorised to complete RFQ's (Request For Quotations) for the department, must fill in the RFQ (Request For Quotations), obtain the valid signature(s) and thereafter forward the original copy to the Supply Chain Management Unit.
 - (ii) The Supply Chain Management Unit will select three suppliers from the approved supplier database on a rotational basis and request for the necessary written quotations. Once written quotations have been received from the supplier, the Supply Chain Management Unit will complete a Quotation Summary and together with the RFQ and written quotes, forward it to the Budget office for funds availability approval. Once approved, the quotation summary together with the attachments will be forwarded to the respective Head of Department or his/her delegate for authorisation, thus confirming that purchase order number may be issued.
 - (iii) After receipt of duly signed quotation summary together with attachments, the Supply Chain Management Unit will then place an order and simultaneously advise the preparer of the RFQ of the PO number together with expected delivery date and place of delivery. The Procurement section will also send a duplicate copy of the Purchase order to the Head of Department or delegate, for assisting with the tracking of the delivered goods.
 - (iv) The Supply Chain Management Unit will thereafter forward duly completed quotation summary together with attachments to the Creditors section.

- (v) Upon receipt of goods and/or services, the recipient must submit a duly signed delivery note and/or invoice attached to the copy purchase order to the Creditors section for processing and payment.
- (vi) The Creditors section will collate documents alluded to in (v) above to the quotation summary and its attachments and thereafter only process information for payment once it is satisfied that all quantities, description and price of invoice agree to that of our internal documentation

(2) Payment method

- i) Upon delivery
Requisitioning department must ensure that the supplier deliver with the original invoice.
- ii) Invoice must be verified by the department concerned in terms of description, quantity and price.
- iii) Authorised official must certify and stamp the invoice then submit to Creditors Section for processing.
- iv) Goods supplied in excess of the original purchase order issued, will not be paid for
- v) When a service provider provides a service that does not meet Imbabazane Local Municipality standards, the Municipality does not bind itself to pay for that particular supply.

Competitive bids

- 19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
 - (h) Proper record keeping
 - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

- (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipality services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 days;
- (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the Municipality or municipality entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

Public invitation for competitive bids

- 22.** (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Provincial Government Gazette); and
 - (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;

- (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (ii) date, time and venue of any proposed site meetings or briefing sessions.;
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

- 23.** The procedures for the handling, opening and recording of bids, are as follows:
- (a) Bids—
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should not be considered and returned unopened immediately.
 - (e) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - (f) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - (d) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iv) publish the entries in the register and the bid results on the municipality's official notice board and on the website if practical.

- (e) In cases where the consultant, engineer or project manager is involved in the compilation of bids documents, it must be **clearly outlined** that they remain the property of the municipality and the issue of safekeeping must be the responsibility of the municipality.
- (f) *The consultant, engineer or the project manager together with the municipal official present at the site inspection meeting must sign and stamp the Site Inspection Certificate with the municipal dated stamp.*

Negotiations with preferred bidders

- 24.** (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

- 25.** (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

- 26.** (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
- (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

- 27.** (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of:

- (a) two/three senior officials of the municipality who must serve as standing members; one from the Supply Chain Management Unit who will chair and the others from Technical, Planning & Development and Administration
- (b) must be appointed in writing for a period of 12/24 months which is in line with the financial year end of the municipality, subject to the annual reviewal of this policy;
- (c) one official to be co-opted from the end user department preferably a manager and a knowledgeable official responsible for the function

*involved; the accounting officer may appoint any person or employee of an organization to be co-opted on to the committee. This person may participate in the bid committee on ad-hoc basis, due to his or her expertise. This member has the same powers/duties as other members of the committee but **no voting rights***

the co-opted members are subjected to the same rules of conduct as permanent Committee members. If a consultant is co-opted on to the Bid Committee his or her organization may not bid for the same project.

- (d) co-opted external specialised expert or engineer deemed where necessary, however the final decision is to be made but the Council through the bid committees. Under no circumstances should the engineer’s recommendation be final, *where an*

external expert or engineer is preparing bid documents, he/she should involve the municipal officials in a bid of adding value and capacity to the municipality.

- (e) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member referred to in (b) above.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

- 28. (1) A bid evaluation committee must –
 - (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipality rates and taxes and municipality service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
 - (a) two/three senior officials of the municipality who must serve as standing members; one from the Supply Chain Management Unit who will chair and the others from Technical, Planning & Development and Administration
 - (b) must be appointed in writing for a period of 12/24 months which is in line with the financial year end of the municipality, subject to the annual reviewal of this policy;
 - (c) one official to be co-opted from the end user department preferably a

manager and a knowledgeable official responsible for the function involved;

- (d) co-opted external specialised expert deemed where necessary
 - (e) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member referred to in (b) above.
3. The bid evaluation committee must use the following Preferential Point System when evaluating bids for the Municipality

Evaluation of tenders on functionality

- 4. (1) An organ of state must indicate in the invitation to submit a tender if that tender will be evaluated on functionality.
- (2) The evaluation criteria for measuring functionality must be objective.
- (3) When evaluating tenders on functionality, the-
 - (a) evaluation criteria for measuring functionality:
 - (b) weight of each criterion:
 - (c) applicable values: and
 - (d) minimum qualifying score for functionalitymust be clearly specified in the invitation to submit a tender.
- (4) No tender must be regarded as an acceptable tender if it fails to achieve the minimum qualifying score for functionality as indicated in the tender invitation.
- (5) Tenders that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point systems prescribed in regulations 5 and 6.

The 80/20 preference point system for acquisition of services, works or goods up to a Rand value of R1 million.

5. (1) (a) The following formula must be used to calculate the points for price in respect of tenders (including price quotations) with a Rand value equal to, or above R30 000 and up to a Rand value of R1 000 000.00 (all applicable taxes included) :

The following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value equal to, or above R30 000.00 (VAT Inclusive) and up a Rand value of R1 000,000 (VAT Inclusive) and 90/10 method will be used for a rand value over R 1 000 000.00.

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

P_s = Points scored for price of tender under consideration

P_t = Rand value of offer tender consideration

$P_{\min}$ = Rand value of lowest acceptable tender

- (2) A maximum of 20 points may be awarded to a tenderer for preference points and / or subcontracting with an HDI and/or after assessment of previous work performance and current work load and/or being local and / or achieving any of the specified goals stipulated in section 1.
- (3) The points scored by a tenderer in respect of the goals contemplated in sub-regulation (2) must be added to the points scored for price.
 - (b) Organs of state may apply the formula in paragraph (a) for price quotation with a value less than R30 000, if and when appropriate:
 - (c) Subject to sub-regulation (3), points must be awarded to a tenderer for attaining the B-BBEE status level of contributor in accordance with the table below.

B-BBEE Status Level of Contributor	Number of Points
1	20

2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

(3) A maximum of 20 points may be allocated in accordance with sub-regulation (2).

(4) The points scored by a tenderer in respect of B-BBEE contribution contemplated in sub-regulation (2) must be added to the points scored for price as calculated in accordance with sub-regulation (1).

(5) Subject to regulation 7, the contract must be awarded to the tenderer who scores the highest total number of points.

The 90/10 preference point system for acquisition of services, works or goods with a Rand value above R1 million

6. (1) The following formula must be used to calculate the points for price in respect of tenders with a Rand value above R1 000 000 (all applicable taxes included):

(2) Subject to sub-regulation (3), points must be awarded to a tenderer for attaining their B-BBEE status level of contributor in accordance with the table below:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

(3) A maximum of 10 points may be allocated in accordance with sub-regulation (2).

(4) The points scored by a tenderer in respect of the level of B-BBEE contribution contemplated in sub-regulation (2) must be added to the points scored for price as calculated in accordance with sub-regulation (1).

(5) Subject to regulation 7, the contract must be awarded to the tenderer who scores the highest total number of points.

Award of contracts to tenderers not scoring the highest number of points

6. (1) A contract may be awarded to a tenderer that did not score the highest total number of points, only in accordance with section 2 (1) (f) if the Act.

Cancellation and re-invitation of tenders

7.(1) (a) In the event that, in the application of the 80/20 preference point system as stipulated in the tender documents, all tenders received exceed the estimated Rand value of R1 000 000.00, the tender invitation must be cancelled.

(b) If one or more of the acceptable tenders received are within the prescribed threshold of R1 000 000.00, all tenders received must be evaluated on the 80/20 preference point system.

(2) (a) In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to, or below R1 000 000.00, the tender must be cancelled.

(b) If one or more of the acceptable tenders received are above the prescribed threshold of R1 000 000.00, all tenders received must be evaluated on the 90/10 preference point system.

(3) An organ of state which has cancelled a tender invitation as contemplated in sub-regulations (1)(a) and (2)(a) must re-invite tenders and must, in the tender documents, stipulate the correct preference point system to be applied.

(4) An organ of state may, prior to the award of a tender, cancel a tender if-

(a) due to changed circumstances, there is no longer a need for the services, works or goods requested; or

(b) funds are no longer available to cover the total envisaged expenditure;

or (c) no acceptable tenders are received.

(5) The decision to cancel a tender in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised.

PART THREE

LOCAL PRODUCTION AND CONTENT, B-BBEE STATUS LEVEL CERTIFICATED, CONDITIONS, DECLARATIONS, REMEDIES, TAX CLEARANCE, REPEAL OF REGULATIONS AND SHORT TITLE AND COMMENCEMENT

Local Production and Content

(1) An organ of state must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(2) The National Treasury will issue instructions, circulars and guidelines to all organs of state, with specific reporting mechanisms to ensure compliance with sub-regulation(1).

(3) Where there is no designated sector, an organ of state may include, as a specific tendering condition, that only locally produced services, works of goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are

in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.

(4) Every tender issued in terms of regulation 9 must be measurable and audited.

(5) where necessary, for tenders referred to in sub-regulations (1) and (3), a two-stage tendering process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiations only with the short listed tenderer/s.

Broad-Based Black Economic Empowerment Status Level Certificates

10. (1) Tenderers with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EMEs) in terms of the Broad-Based Black Economic Empowerment Act, and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60 (4) of the Close Corporation Act, 1984 (Act No. 69 of 1984) or an accredited verification agency.

(2) Tenderers other than Exempted Micro-Enterprises (EMEs) must submit their original and valid B-BBEE status verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

(3) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

(4) The B-BBEE status level attained by the tenderer must be used to determine the number of points contemplated in regulations 5 (2) and 6 (2). Conditions.

11. (1) Only a tenderer who has completed and signed the declaration part of the tender documentation may be considered.

(2) An organ of state must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

(3) A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.

(4) Points scored must be rounded off to the nearest 2 decimal places.

(5) (a) In the event that two or more tenders have scored equal total points, the successful tender must be the one scoring the highest number of preference points for B-BBEE.

(b) However, when functionality is part of the evaluation process and two or more tenders have scored equal points including equal preference highest score for functionality.

- (c) Should two or more tenders be equal in all respects, the award shall be decided by the drawing of lots.
- (6) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a Legal entity, provided that the entity submits their B-BBEE status level certificated.
- (7) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.
- (8) A person must not awarded points for B-BBEE status level if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a tenderer qualifies for, unless the intended sub-contractor is an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- (9) A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level that the person concerned , unless the contract is sub-contracted to an exempted micro enterprise that has the capacity and ability to execute the sub-contract.
- (10) A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- (11) When an organ of state is in need of a service provided by only tertiary institutions, such services must be procured through a tendering process from the identified tertiary institutions.
- (12) Tertiary institutions referred to in sub-regulation (11) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.
- (13) (a) Should an organ of state require a service that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor must be done by means of a tendering process.
- (b) public entities will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

Declarations

12. A tender must, in the manner stipulated in the tender document, declare that-
- (a) the information provided is true and correct;

- (b) the signatory to the tender document is duly authorized; and
- (c) documentary proof regarding any tendering issue will, when required, be submitted to the satisfaction of the relevant organ of state.

Remedies

13. (1) An organ of state must, upon detecting that-
- (a) the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis; or
 - (b) any of the conditions of the contract have not been fulfilled.
- act against the tenderer or person awarded the contract.
- (2) An organ of state may, in addition to any other remedy it may have against the person contemplated in sub-regulations (1)-
- (a) disqualify the person from the tendering process;
 - (b) recover all costs, losses or damages it has incurred or suffered as a result of that persons conduct;
 - (c) Cancel the contract and claim any damages which it has suffered as a result of having to make less favorable arrangements due to such cancellation;
 - (d) Restrict the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the audialteram partem(hear the other side) rule has been applied; and
 - (e) forward the matter for criminal prosecution.

Tax clearance

14. No tender may be awarded to any person whose tax matters have not been declared by the South African Revenue Services to be in order.

Repeal of Regulations.

15. The Preferential Procurement Regulations, 2001, as published in Government Gazette No R. 725 of 10 August 2001, are hereby repealed as from 07 December 2011.

Short title and commencement

16. These Regulations are called the Preferential Procurement Regulations, 2011 and shall come into effect on 07 December 2011.

Bids or proposals with a value equal to R 30 000.00 and above have to be evaluated on the basis of price and functionality (where applicable), as well as the contribution to Broad Based Black Economic Empowerment B-BBEE). The combined percentages for price and B-BBEE should total to 100 points.

- Bids/Quotations with an estimated value equal to or above R 30 000.00 and up to R 200 000.00 will use 80/20 preferential point system.
- Bids/Proposals with an estimated value above R 1 000 000.00 will use the 90/10 preferential point system.
- The 80 and 90 are points for price, while the 20 and 10 are points for B-BBEEE, and the 20/10 preferential points can be structured in any way depending on the municipal targets.

Bid adjudication committees

29. (1) A bid adjudication committee must –

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
 - (d) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member.
- (3) The accounting officer must appoint the chairperson of the bid committees in writing. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipality rates and taxes and municipality service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may –
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (4) The accounting officer must comply with section 114 of the Act within 10 working days.

Procurement of banking services

- 30.** (1) A contract for banking services –
- (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.

- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 31.** (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the Municipality, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

- 32.** (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) there is no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits to do so; and
- (d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –

- (a) a municipality entity procures goods or services through a contract secured by its parent Municipality; or
- (b) a Municipality procures goods or services through a contract secured by a municipality entity of which it is the parent Municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the Municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

- 35.** (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
- (a) the value of the contract exceeds R200 000 (VAT included); or
- (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

- 36.** (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
- (i) in an emergency;
- (ii) if such goods or services are produced or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos and/or nature and game reserves; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the Municipality and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

37. Unsolicited bids

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
 - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipality Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and

- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

- 38.** (1) The accounting officer must–
- (a) take all reasonable steps to prevent abuse of the supply chain management system;

- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
 - (i) if any municipality rates and taxes or municipality service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipality entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;

- (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipality or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

- 39.** The accounting officer must establish and implement an effective system of logistics management, which must include -
- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
 - (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
 - (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal management

- 40.** (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act.
- (2) Assets may be disposed of by –
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.
 - (3) The accounting officer must ensure that –
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

41.

- (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:
 - (a) risk management aspect must be allocated to the Chief Financial Officer, the SCM Manager, the internal audit function and the Audit Committee, each of which shall ultimately be accountable to the Municipal Manager or the Council for the discharge of their responsibilities.
- (2) Risk management must include –
 - (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (4) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- (a) who is in the service of the state;
 - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c) a person who is an advisor or consultant contracted with the municipality.

Awards to close family members of persons in the service of the state

45. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;

- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

46. (1) A code of ethical standards as set out in the “***National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management***” is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of this Policy–
- (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;
 - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to municipality;

- (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
 - (a) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows -
 - (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipality Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

- 47.** (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

(g) Sponsorships

- 48.** The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
 - (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

- 49.** Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

- 50.** (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
- (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or

- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- (b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

- (2) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate–

- (a) a cap on the compensation payable to the service provider; and
- (h) that such compensation must be performance based.

CHAPTER 3

GENERAL

Emergencies

52. Emergency Situations

(a) Where an emergency arises, the senior Municipal official available decides on the action needed to mitigate the threat. Where procurement of goods or services is involved, he takes the needed action, and within one working day, in writing, informs the procurement Section and department concerned of the action taken and gives them all the necessary information to enable them to place the orders and arrange for payment.

(b) Emergency procurement must be authorised by Head of Department only.

(c) Selection of suppliers providing services on emergencies must be done on rotational basis

53. FRONTING OF SUPPLIERS

Imbabazane Local Municipality prohibits fronting of supplier, any supplier that will be found fronting certain people will

(a) be blacklisted from Imbabazane database

(b) no longer enter into any contract with the Municipality

54. PARTICIPATION IN HIV/AIDS PROGRAMMES BY SERVICE PROVIDERS

Whereby service providers participate in any kind with regards to AIDS/HIV activities, such involvement must be disclosed to the Municipality.

55. SAVINGS ON PROJECTS

All monies left on the estimated project value, in order of such monies to be used, the following steps must be followed

(a) Responsible Head of Department must submit a proposal to Bid Specification Committee indicating scope of work to be done.

(b) Accountable Officer must compile a report that will show that how savings occurred.

Once approved by Bid Specification Committee

(a) Bid Specification Committee must submit a report to Bid Evaluation Committee.

If the Bid Evaluation Committee is satisfied about spending on savings, then

- (a) It can approve the project and write a report to the Bid Adjudication committee for final decision.

Once approved by the Bid Adjudication Committee only then savings on project can be used.

56. MEETINGS OF THE COMMITTEES

- (1) Committees must meet-

- (a) whenever necessary;
- (b) at a time determined by the Chairperson; and
- (c) at a venue determined by the Chairperson.

- (2) The Chairperson or Deputy Chairperson must preside at a meeting of the Committee, but if both the Chairperson and the Deputy Chairperson are not available, the members present must elect another member to act as chairperson for that meeting.

57. MEETING PROCEDURES OF COMMITTEES

- (1) Subject to these regulations, Committees must determine the procedure for its meetings, having regard, amongst others, to the following:

- (a) Adequate written notice of meeting being given to members; and
- (b) Members being prohibited from re-entering the committee meeting, whilst it is still in progress.

58. ACCESS TO MEETINGS OF THE COMMITTEES

A person may only attend or be present at a meeting of the Committee-

- (a) if he or she is an official of Council's Administration office; or
- (b) when authorised to attend by national or provincial legislation, or an order of court.

58.1 Secretariat

An official from the bid administration section must be made available to act as secretary to bid committees.

58.2 Quorum

A Bid Committee meeting is properly constituted only if at least sixty percent (60%) of its members are present.

58.2.1 Secundi

For the purpose of continuity and not to delay meetings the Accounting officer/Authority may also appoint secundi to temporarily replace members that are absent from meetings due to illness, leave, etc. The Accounting officer/Authority will also decide whether or not such secundi will have the same powers as members.

58.2.2 Notice of Meetings

The agenda of a meeting serves as the programme of the meeting and unless the committee decides otherwise, the items and sequence may not be changed during the meeting. In order to afford members the opportunity to prepare for meeting, the agenda shall be made available to members at least three (3) working days before the actual meeting.

58.2.3 Minutes

The minutes will be the written record reflecting a brief clear and impartial manner, the decisions of Bid Committee. The signed minutes will serve as proof of the decisions of that Committee.

Should a member wish to have a specific matter other than a decision recorded, it must be specifically requested. A members reasons for a dissenting voice must also be recorded. Proceedings are also recorded mechanically to enable the secretary to prepare verbatim reports required by court of law.

58.2. 4 Register

Members shall sign a register at each meeting serving as the attendance register as well as an undertaking to confidentiality of that meeting. The register will also provide for the declaration of interest.

Members must declare all gift and invitations accepted to social events received from suppliers or potential suppliers, irrespective of the value of such a gift.

Such declarations must be captured in the minutes of the meeting and must be reported to the Chief Financial Officer.

Any such gifts and /or invitations accepted by the Chief Financial Officer must be reported to the Accounting Officer.

58.2.5 Chairperson

Each meeting will be presided over by a chairperson. In the absence of the chairperson, the vice-chairperson will preside as chairperson, in which case he/she will occupy the chair for the duration of the meeting, even if the chairperson should arrive during the course of the meeting. Every member attending the meeting owes deference to the chairperson and may be removed if that person does not respect the authority of the chair.

58.2.6 Points of Order

A member may speak on point of order only if he/she is of the opinion that there has been a departure from the rules of order e.g. an objection against improper language used, that a speaker has transgressed etc.

COMMENCEMENT

59. This policy was amended by the council meeting that was held on the 27 March 2015 for implementation on the 01 July 2015.

ANNEXTURE A

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

General Principles

The municipal commits itself to a policy of fair dealing and integrity in the conduction of its business. Officials and other role players involved in supply chain management (SCM) are in position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

Official and other role players involved in SCM should ensure that they perform

their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Official and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

Conflict of interest

An official or other role player involved with supply chain management

- a) must treat all providers and potential providers equitably;
- b) may not use his or her position for private gain or to improperly benefit another person;
- c) may not accept any reward, gift, favour, hospitality or other benefits directly or indirectly, including to any close family members, partner or associate of that person, of a value of more than R350;
- d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
- f) must immediately withdraw from participating in any manner whatsoever

in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

- g) must declare any business, commercial and financial interest or activities undertaken for financial gain that may raise a possible conflict of interest;
- h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
 - i) should not take improper advantage of their previous office after leaving
 - ii) their official position.

Accountability

Practitioners are accountable for their decisions and actions to the public.

Practitioners should use public property scrupulously.

Only accounting officers or their delegated have the authority to commit the municipality to any transaction for the procurement of goods and / or services.

All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:

- (i) any alleged fraud, corruption, favouritism or unfair conduct;
- (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipality , officials or other role players; and
- (iii) any alleged breach of this code of conduct.

Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

Confidentiality

Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contractor may be revealed if such an action will infringe on the relevant bidder's/contractor's personal rights.

Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

Bid Specification /Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should
implement supply chain management on behalf of the municipality in an

honest, fair, impartial, transparent, cost-effective and accountable manner.

- 6.2 Bid evaluation/ adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of “CONFIDENTIAL” and should be required to declare their financial interest annually.
- 6.4 No person should -
- 6.4.1 interfere with the supply chain management system of the municipality; or
- 6.4.2 amend or tamper with any price quotation/ bid after its submission.

Matters of confidential nature in possession of officials and other role players and supply chain practitioners involved in SCM should be kept confidential unless legislation, or the provisions of law requires otherwise.

This also applies to officials and other role players involved in SCM even after leaving service.

In accordance with the accounting officer's / [authority's] directives/delegated powers:

The specifications, evaluation and adjudication [team] committees may be authorized to deal with all supply chain management matters and finalize bids, price and quotations.

Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost.

They include but are not limited to;

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

IMBABAZANE MUNICIPALITY

“The Municipality”



TARIFFS POLICY

INDEX

	Page No.
1. Definitions	2
2. General Introduction and Objective	3
3. General Principles	3
4. Calculation of Tariffs for major Services	6
5. Minor Tariffs	6
6. By Laws	8
7. Compliance Enforcement	8
8. Effective Date	8
9. Policy Adoption	8
Annexure: Legal Requirements	9

1. DEFINITIONS

“Basic municipal services” mean a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment.

“Council” means the Council of Imbabazane Local Municipality

“Municipality” means the Imbabazane Local Municipality

“Indigent” means any household as defined in the Municipality’s Indigent Support Policy.

“Municipal area” means the area in respect of which Municipality has executive and legislative authority as determined by the constitution and the National legislation and demarcated in terms of the Demarcation Act (Act 27 of 1998).

“Indigent Households” A family unit as defined in the Municipality’s Indigent Support Policy.

“Tariff policy” means a policy on, the levying of fees, rates or taxes for the Municipal services provided by the Municipality itself, which complies with the Municipal Systems Act, 2000.

2. GENERAL INTRODUCTION AND OBJECTIVE

- a. A tariff policy must be compiled, adopted and implemented in terms of section 74 of the local government: Municipal Systems act 2000, such policy to cover among other things, the levying of fees for municipal services provided by a Municipality itself or by way of service delivery agreements.
- b. The Tariffs Policy has been compiled taking into account; where applicable the guidelines set out in section 74 of the local government: Municipal Systems act 2000.
- c. In settings its annual tariffs the Council shall at all times take due awareness of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.
- d. The objective of this Policy is to ensure that:
 - i) The tariffs of the Municipality comply with the legislation prevailing at the time of implementation.
 - ii) The Municipal services are financially sustainable, affordable and equitable.
 - iii) The needs of the indigent, aged and disabled are taken into consideration.
 - iv) There is consistency in how the tariffs are applied throughout the Municipality and;
 - v) The Policy is drawn in line with the principles as outlined in the Municipal Systems Act

3. GENERAL PRINCIPLES

- a. Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or users of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigence relief measures approved by the Municipality from time to time).
- b. The Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- c. Tariffs charged by the Municipality, namely: property rates shall as far as possible recover the expenses associated with the rendering of each services concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or

consumed.

- d. The Municipality shall as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year as the Council of Municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in a relief of property rates, and for the partial financing of general service or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.
- e. The Municipality shall develop, approve and at least annually review an indigence support program for the Municipal area. This program shall set out clearly for Municipality's cost recovery in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the Municipal region.
- f. In line with the principles embodied in the constitution and in other legislation pertaining to local government, the Municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however at all times be reasonable and shall be fully disclosed in each annual budget.
- g. The Municipality's Tariff Policy shall be transparent, and the extent to which there is cross-subsidization between Municipality further undertakes to ensure that its tariffs be easily explainable and understood by all consumers and users affected by the Tariff policy concerned.
- h. The Municipality further undertakes that's its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.
- i. The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- j. The charges levied on consumers shall be proportionate to the quantity of the service which they receive.
- k. In addition the Municipality shall levy monthly availability charges for services

concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below.

- I. Separate tariff structures will be imposed on the following categories of property namely:
 - a) Residential
 - b) Business & Commercial
 - c) Industrial consumers
 - d) Public Service Infrastructure
 - e) Agricultural
 - f) Municipal Properties
 - g) Municipal use
 - h) Nature Reserve/National Park
 - i) Properties acquired by a land reform beneficiary
 - j) Vacant Land
 - k) Rural Communal Land
 - l) Properties used for any specific benefit activities listed in part 1 of the Ninth Schedule to the income Tax
 - m) State owned Properties
 - n) State Trust Land
 - o) Consumers with whom special agreements were made
 - p) Consumer in certain geographical areas

4. CALCULATION OF TARIFFS FOR MAJOR SERVICES

a. Levying of Rates

- i. The Municipality shall levy rates on all rateable properties within its area of jurisdiction, provided that it may, by resolution, grant exemptions from, rebates on or reductions in, rates levied in terms of its applicable rates policy or in terms of a National Framework prescribed under the Act.
- ii. In levying rates on property the Municipality is not obliged to levy rates on properties of which it is the owner, or on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices.

5. **MINOR TARIFFS**

- a. All other tariffs shall be standardized within the Municipal region.
- b. All other tariffs shall be approved by the Council in each annual budget, and may, when deemed appropriate by the Council, be subsidized by property rates and general revenues inter alia, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
- c. All other tariffs over which the Municipality has full control shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.
- d. The following services shall be considered as community services, and no tariffs shall be levied for their use:
 - a) Municipal reference library.
 - b) Municipal lending library.
 - c) Community outreach programs
- e. The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:
 - a) Rentals for the use of MPCC offices (subject to the provisions set below)
 - b) Cleaning of vacant plots.
 - c) Valuation certificates.
 - d) Photostat copies and fees.
 - e) Clearance certificate.
 - f) Duplicate account statements
 - g) Library fines
 - h) Encroachment Fees
 - i) Business licenses
 - j) Valuation Fees
- f. The following charges and tariffs shall be considered as regulatory and punitive, and shall be determined as appropriate in each annual budget:
 - a) Fines for lost or overdue books.
 - b) Advertising sign fees.

- c) Pound fees.
- d) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- e) Penalty charges for the submission of dishonored, stale, postdated cheques.
- g. In the case of rentals for the use of municipal halls and premises, the Council may by resolution determine categories of users of such halls and premises which are entitled to discounts that they are required for non-profit purposes or provision of the service for the community. If the Accounting officer is satisfied that a prospective user falls within such a category and a hall or premises are required by such user for non-profit making purposes and for the provision of a service to the community, the municipal manager may waive 50% of the applicable rental.
- h. The Accounting Officer shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports field, and in so determining shall be guided by the likelihood of the Municipality sustaining damages as a result of the use of the facilities concerned.

6. **BY LAWS**

In order to implement different categories of service tariffs mentioned above, the Municipality must adopt bylaws that are in line with this Policy and any other applicable Policies of the Municipality.

7. **COMPLIANCE ENFORCEMENT**

- e) Violation of or non-compliance with this Policy will give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.
- f) It will be the responsibility of Chief Financial Officer to enforce compliance with this Policy.

8. **EFFECTIVE DATE**

The Policy shall come to effect upon approval by Council of the Municipality.

9. **POLICY ADOPTION**

This Policy has been considered and approved by the **COUNCIL OF THE IMBABAZANE LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

ANNEXURE A: LEGAL REQUIREMENTS

LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000

SECTION 74: TARIFF POLICY

The Council of a Municipality must adopt and implement a tariff policy on the levying of fees for the services provided by the Municipality itself or by way of service delivery agreements.

Such policy must comply with the provisions of the present Act and any other applicable legislation.

Such tariff policy must reflect at least the following principles:

- a) that users of municipal services must be treated equitably in the application of the Municipality's tariffs;
- b) That the amount individual users pay for services must generally be in proportion to the use of such services;
- c) That Indigent households must have access to at least basic services through tariffs which cover only operating and maintenance costs, special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of services, or any other direct or indirect method of subsidisation of tariffs for Indigent households;
- d) That tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- e) That tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- f) That provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- g) That provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- h) That the economic, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives must be encouraged;
- i) That the extent of subsidisation of tariffs for Indigent households and other categories of users must be fully disclosed.

The tariff policy may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas.

If the policy entails such differentiation, the Municipality must ensure that this does not amount to unfair discrimination.

SECTION 73: GENERAL DUTY

The Municipality must give effect to the provisions of the Constitution, and in doing so give priority to the basic needs of the local community, promote the development of the local community, and ensure that all members of the local community have access to at least the minimum level of basic municipal services.

The services provided by the Municipality must be: equitable and accessible; provided in a manner conducive to the prudent, economic, efficient and effective use of available resources, and the improvement of standards of quality over time; financially sustainable; environmentally sustainable; and regularly reviewed with a view to upgrading, extension and improvement.

SECTION 75: BY LAWS TO GIVE EFFECT ON THIS POLICY

The Council of the Municipality must adopt by laws in respect of services to give effect the implementation and enforcement of the tariff policy.

Such by laws may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas, but in manner which does not amount to unfair discrimination.

PROPERTY RATES

DESCRIPTION	TARIFF 2014/2015	TARIFF 2015/2016	IMPERMISSABLE REBATE	ADDITIONAL REBATE

RESIDENTIAL	0.0080	0.0083	0	60%
BUSINESS & COMMERCIAL	0.0058	0.0061	0	60%
INDUSTRIAL	0.0058	0.0061	0	60%
PUBLIC SERVICE INFRASTRUCTURE	0.0058	0.0061	20%	60%
AGRICULTURAL	0.0020	0.0021	0	60%
MUNICIPAL PROPERTIES	0	0	0	0%
STATE OWNED	0.0233	0.0245	0	40%
COMMUNAL LAND	0.0000	0.0000	0	0%
COMMUNAL PROPERTY ASSOCIATION	0.0041	0.0043	0	60%
ANY OTHER SERIOUS ADVERSE SOCIAL- ECONOMIC CONDITIONS	0	0	0	100%
PUBLIC BENEFIT ORGANISATION	0	0	0	0

OTHER PLAN AND INSPECTION FEES

DESCRIPTION	TARIFF 2014/2015	TARIFF 2015/2016
RENEWAL OF EXISTING BUSINESS LICENSES	106.00	150.00
NEW BUSINESS LICENSES	212.00	250.00

LIBRARY

DESCRIPTION	TARIFF 2014/2015	TARIFF 2015/2016
FINES FOR OVERDUE MATERIALS PER ITEM PER WEEK OR PART THEREOF	EXEMPT	EXEMPT
MEMBERSHIP FEES: MEMBERS RESIDING OUTSIDE MUNICIPAL BOUNDARIES PER MEMBER PER ANNUM	EXEMPT	EXEMPT
PHOTO COPIES A4 (B&W)	0.53	1.00
A3 (B&W)	1.06	1.20
A4 (COLOUR)	1.06	2.50
A3 (COLOUR)	2.12	3.50
LIBRARY FAXING	2.12	2.50

ADMINISTRATION CHARGES

DESCRIPTION	TARIFF 2014/2015	TARIFF 2015/2016
VALUATION ROLL PER COPY	0	0
VALUATION APPEALS	292	350.00
PLANS, DOCUMENTS OR FILES PRODUCED FOR INSPECTION AT THE DISCRETION OF THE MUNICIPAL MANAGER	117	130
VALUATION ROLL INSPECTION FEES	.00	.00
NAME AND ADRESS PER ENQUIRY OF A RESIDENT OR PROPERTY OWNER	.00	.00

SEARCH CARRIED OUT BY A MEMBER OF PUBLIC IN BULK	.00	.00
CERTIFIED COPY OF EXTRACT OF MINUTES/HEARING PER 100 WORDS OR PART THEREOF	.00	.00
ACCOUNTS AND AUDIT REPORT PER COPY	.00	.00
COMPLETE COPY OF BYLAWS OR PART THEREOF	.00	.00
DUPLICATE ACCOUNT STATEMENTS	5.83	7.00
CONSUMER BANK CHARGES:		
BANK COSTS (RD – CHEQUES)	.00	.00
(EFT – REVERSAL)	.00	.00
TENDER FEES	250.00	300.00

CERTIFICATES

DESCRIPTION	TARIFF 2014/2015	TARIFF 2014/2015
VALUATION CERTIFICATE	53.00	60.00
RATES CLEARANCE CERTIFICATE	64.00	100.00

